



Halesowen College Enterprises Limited

Directors' Report and Financial Statements 2020/21

For the year ended 31 July 2021

Company Number 2790416

Directors' Report

Company Details

<i>Company Name</i>	Halesowen College Enterprises Limited
<i>Company Number</i>	2790416

Officers and Professional Advisers

Directors

Jacqueline Carman (Chair)
Rachael Charles
Andrew Dobson (Appointed 25 January 2021)
Andrew Hanson
Ian Jewkes
Lynn Pass (Appointed 26 August 2020)
Joanne Williams (Resigned 25 January 2021)

Company Secretary

Rachael Charles

Registered Office

Halesowen College
Whittingham Road
Halesowen
West Midlands
B63 3NA

Auditor

RSM UK Audit LLP
St Philips Point
Temple Row
Birmingham
West Midlands
B2 5AF

Solicitors

Shakespeare Martineau
No 1 Colmore Square
Birmingham
B4 6AA

Halesowen College Enterprises Limited was incorporated on 16 February 1993 and is a company limited by shares.

The directors submit their report and the financial statements of Halesowen College Enterprises Limited for the year ended 31 July 2021.

1. Principal Activities of the Company

The Company has the following principal activities:

- Provision of student catering and retail outlets
- Cleaning and janitorial services
- Nursery@B63
- Bistro@B63
- Room hire
- Animal Experiences
- Business Breakfast @B63
- Leisure courses and activities
- Commercial activities

The College provides contemporary food outlet retail facilities based on a High Street model at all campuses (Whittingham, Shenstone House and Coombs Wood). The College Shops are badged with either the Munch or Elliott's logo and incorporate the Starbucks brand. Students identify with this High Street product and enjoy the Starbucks facility. Outlets offer a range of 'grab and go' based hot foods plus pre-packed sandwiches, salads, fruit pots etc and a range of drinks, snacks and confectionery. Starbucks Cafés sell a range of drinks at competitive prices compared to the High Street. Goods connected with the provision of education; for example, art materials, stationery, IT and catering equipment are also sold together with a limited selection of grocery/toiletry products. Clothing with the College logo is also sold to staff and students via the online Halazon shop. To promote a positive environmental ethos the retail outlets stock re-useable cups and water bottles as a commitment to reducing plastic alongside replacing plastic straws with a more sustainable option. Recycling bins are now installed in all facilities. Products are being sourced to reduce the volume of single use plastic bottles.

The shop participates in the Free FE Meals, 16-18 Discretionary Award and 19+ Learner Support Fund meal voucher schemes. The Company adheres to a policy of not selling chewing gum, tobacco, lottery or alcohol products. Whilst the retail facilities offer a range of food influenced by the student voice, it always stocks and promotes healthy alternatives such as low fat snacks, yoghurts and fruit. It is a priority to offer students healthy options and make them 'treat aware'. The retail outlets are committed to the College ethos of equality of opportunity and provide goods to suit a range of dietary and cultural requirements including gluten free, halal and vegetarian/vegan ranges. The college is planning to make adjustments to the facility at Whittingham Road, Block 8 in order to extend the range food and make better use of the space available. Again, this is in direct response to student feedback. The retail outlets celebrate diversity through a calendar of special events and promotions. This has included supporting Birmingham Pride, the Chinese New Year and Ambitious about Autism. The pandemic has limited this approach, but events are already planned for 2021/22.

The Company also provides cleaning and janitorial services across all three sites. This provides a clean and pleasant environment in which to work and learn. The cleaning service has been pivotal as part of the College's Covid19 risk management strategy. Increased cleaning of touch points and a daytime janitorial service has increased confidence and adhered to best practice covid guidelines. This level of cleaning will continue for 2021/22.

The Company's training provision has been a small part of trading activities and predominantly bespoke activities to employed people especially those working in SMEs (small/medium size enterprises) and local organisations usually tailoring provision for individual employers. Given the various government funding streams available in order to develop skills to support the local and national economy, the Company is now focusing on events and experiences such as Book Club, Craft Evenings and one off events such as Thai Cookery. The company aims for the College to become a leading community and leisure focus creating a vibrant evening and weekend schedule of activities. No funding agency grant is realised through these activities. There has been very little activity in 2020/21 due to

lockdown restrictions, but a programme of events is scheduled for 2021/22 and is being led by the new Events Director.

The company operates a nursery on site at the Whittingham Campus called Nursery@B63. This provision was formerly operated by Halesowen College as a service to students and not operated on a commercial basis. As such, the facility was not able to sustain its cost base as the volume of students using the facility declined. Whereas the location of an onsite nursery remains hugely beneficial to the student community, the company is able to operate on a for profit basis and advertise to the wider community. The fee structure is now comparable to other local providers. A new management team is in place to drive the setting forward. There are currently 29 places for 2-5 years olds and 9 baby room places. Ofsted currently rates the nursery as “good” and a further inspection is expected imminently.

The restaurant at Whittingham Road has been refurbished as part of the block 2 works to create the Student Hub. As part of the refurbishment the restaurant was relaunched as Bistro@B63. Whilst this will still provide an excellent realistic work environment for students, the restaurant is now operating on a commercial basis offering staff lunches, a café service, weekly bistro evenings and themed special events. During the lockdown the Bistro was very innovative offering a Bistro at Home service which proved very popular and was highly regarded by the local community. This service is continuing alongside the onsite events. Members of the local community are increasingly using the facility as are local businesses. The company has employed production chefs for the Bistro@B63 and Halesowen College charge for the services of Front of House support.

Commercial work may also have a broader scope in assisting to provide opportunities to work with a wider range of companies. College staff are involved in local forums and employer focus groups continue to be organised by Halesowen College. Much proactive work is on-going to strengthen links with the local business community in order to determine the future educational and development needs of such organisations and provide relevant training on an on-going basis. This links with the College’s development of higher apprenticeships and standards. With this in mind, the College has redefined the responsibilities to focus on employer engagement and business development. The Business Development and Apprenticeship recruitment team are now employed by Halesowen College Enterprises given the more commercial nature of their role.

The College is focusing on the delivery of apprenticeships in areas where there is a shortage of higher level skills; science, IT, business and healthcare science, in accordance with government and local LEP/WMCA priorities. Linking with employers to discuss delivery of training via these models may lead to companies also requesting other college services. The apprenticeship levy has increased the need for excellent employer engagement and a commercial/entrepreneurial aspect to activities.

Halesowen College Enterprises actively advertises room hire through the website and targeted marketing in the community. Much income is through repeat business as customers have high levels of satisfaction. However, increasingly there is engagement with new customers through links with local groups as a product of the College’s aim to be at the heart of the community. Controls are in place to ensure that any company/individual hiring facilities do not conduct activities on College premises which may contravene the College values. This is part of the College’s safeguarding framework which includes responsibilities under Prevent anti-radicalisation. Again, Covid has impacted on room hire but bookings are now starting to return and there is a strategic partnership in place with Halesowen Town Football club.

The company generates income from sales of hair and beauty products and has potential to realise sales from other activities cross College such as animal encounter experiences which will in term market the College’s study programme offer in animal care.

In 2018/19 the College launched a Lee Stafford Hair Academy to provide the highest levels of training for students alongside an opportunity to become a retailer for all Lee Stafford products. The partnership has not realised the growth in student numbers expected and the College has had concerns. As such, this contract will cease on 31 July 2021.

Halesowen College Enterprises encompasses any other business activities which the College may undertake from time to time within the constraints of agency and statutory guidelines. The College considers annually its activities to ensure that they are in the public benefit and meet the conditions of grant funding. Activities outside of this remit may transfer across to Halesowen College Enterprises should they be “for profit”. Should this occur the business plan would be updated accordingly.

Overall, the Company ended financial year 2020/21 with an operating loss of (£51,655). As such there will be no payment of the Gift Aid to Halesowen College). The financial performance was adversely impacted by the pandemic as all trading ceased during the national lockdown beginning January 2021. The Company did again benefit from the furlough scheme for eligible staff. The Directors do not recommend payment of a dividend.

2 Directors

In accordance with the Register of Directors Interests, no director was a holder of shares in the Company. Furthermore, no right to subscribe for shares in the Company was granted to, or exercised by, any director or a member of his/her ‘immediate family’.

The Board meets regularly and monthly financial information is produced and distributed to Company Directors.

The role of Company Director is clearly defined in the Company’s Memorandum of Understanding and is in accordance with the Companies Act. Duties covered by a director of Halesowen College Enterprises Limited include:

- to act within one’s own powers and in accordance with the Company’s constitution
- to promote the success of the Company
- to exercise independent judgement
- to exercise reasonable care, skill and diligence
- to avoid conflicts of interest
- not to accept benefits from third parties
- to declare an interest in proposed transactions or arrangements
- to consider the wider impact of Company actions upon the interests of employees/staff engaged in Company activities
- to consider the need to build and preserve business relationships
- to consider the impact of actions upon the community and the environment

One of the Company Directors is appropriately qualified and acts as Company Secretary. Again the role of Company Secretary is defined in the Memorandum of Understanding. The Company has taken out third party indemnity insurance in respect of the Directors.

Through the specified responsibilities of the Directors, Halesowen College Enterprises embraces responsibility for the impact of activities on the environment, consumers, employees, communities, stakeholders and all other members of the public sphere. Furthermore, it proactively promotes public interest by encouraging local growth and development through links with various community groups.

UK companies are required to record details of any beneficial ownership via the register of people with significant control. Halesowen College Enterprises Limited does not have people with significant control and this information has been provided to Companies House.

3 Share Capital

The Company has not issued share capital in the year. Total share capital issued totals £2; two £1 shares both held by Halesowen College.

4 Fixed Assets

The Company has not added to its asset base in the year. All assets are fully depreciated.

5 Monitoring and Meetings

Management information is prepared and distributed monthly to key stakeholders. The Directors meet regularly, usually once per term as a minimum.

6 Employees

Halesowen College Enterprises Limited directly employs staff who work in catering/retail, nursery, bistro and cleaning and janitorial services. Some staff transferred under TUPE from South Black Country Education Limited (SBCE) on 1 August 2018. This was a shared service company limited by shares of which Halesowen College held one £1 ordinary share and King Edward VI College held the other. On 1 August 2018, Halesowen College transferred its £1 ordinary share to King Edward VI College for £1 hence no profit was made on this transaction. King Edward VI College continued to operate the company as a wholly owned subsidiary. Halesowen College has had no further engagement with this company post 1 August 2018 and the private members' agreement signed by the Corporations of both colleges was vetoed. Halesowen College staff and governors who held the posts of director and company secretary in SBCE resigned from their posts with this company on 1 August 2018.

Nursery staff transferred their employment from Halesowen College to Halesowen College Enterprises Limited on 1 January 2020.

In addition, employees of Halesowen College, its ultimate parent and staffing resources from third parties procured by the College, also engage in the activities of Halesowen College Enterprises. Their costs are recharged accordingly as specified in the Memorandum of Understanding and approved recharge methodology. This ensures that the College nor any third party is not cross subsidising the costs incurred by Halesowen College Enterprises.

7 Political and Charitable Gifts

The Company has not generated any profit and will not be covenanting funds to Halesowen College; its ultimate parent. Any profit would be paid gross under the terms and conditions of the Gift Aid Scheme.

The Gift Aid payment would ordinarily be shown as a distribution in 2020/21 as the Directors and the Corporation have specifically minuted this payment i.e. the deed of covenant is set up before the year end. This therefore makes the payment contractually binding and creates a legal obligation. However, for 2020/21 there is no profit to transfer.

8 Relationship with Halesowen College

In usual circumstances the Company must plan to recoup all of its costs and at least break-even year on year to ensure that no College funds are used to support the operations of the Company. The impact of Covid19 has been unprecedented and was not reflected in the original 2019/20 or 2021/21 budget.

Given the severe impact of the Covid 19 pandemic, Halesowen College has put in place a letter of support to January 2022 to safeguard going concern (refer to Section 10).

The College charges the Company for running costs covering utilities, and management and administrative costs. This charge is applied in accordance with a recharge methodology which is agreed annually. Many of these charges were suspended during the national lockdown when elements of the company ceased trading and were not utilising the services.

The objectives of the Company contribute to and are in accordance with the College's purpose and overarching strategic aims. The College's stated purpose is to enable students, staff, the economy and the community to learn, succeed and flourish. Halesowen College Enterprises continues to ensure that its objectives are coterminous with those of Halesowen College.

Further details of College strategic plans, critical success factors and performance can be found in the Strategic Plan and Annual Members' Report and Financial Statements. Copies are available from the Clerk to the Corporation, Halesowen College, Whittingham Road, Halesowen, West Midlands, B63 3NA.

9 Plans for Future Periods

For 2021/22 Halesowen College Enterprises will continue to provide cleaning and janitorial services across all three College sites. This will extend to some grounds maintenance as part of the environmental ambitions for a more biodiverse campus. This provides a clean and pleasant environment in which to work and learn. The cleaning team continue to ensure all measures required to reduce the risks of Covid19 transmission are in place.

Halesowen College Enterprises Limited was instrumental in the successful launch and development of The Halesowen Foundation charity by covenanting profit to support charitable objectives. The Foundation has supported the skills and talents of students for several years. The foundation has reviewed its position and will aim to wind up by December 2021 with any remaining funds covenanted to Halesowen College.

Financial performance has been adversely impacted by Covid19.

However, budgets for the retail and food outlets have been remodelled to pre-pandemic levels now restrictions have been lifted. The Company will still continue to fulfil requirement to deliver free meals to eligible learners. A new outlet has been launched on the Whittingham campus to meet anticipated demand.

The nursery has a new management team and is promoting their service to within the local community and to students of Halesowen College. It is hoped that occupancy can be increased in 2021/22 and that the setting can retain its good Ofsted grading.

The Bistro is extending its offer to events whilst retaining the highly successful Bistro at Home concept.

10 Going Concern

The impact of the ongoing Coronavirus pandemic has had a significant impact on the Company's operations. The Directors have undertaken a detailed review of group's financial position and the appropriate basis of preparation of the Financial Statements. The Directors have considered scenario planning through to 31 January 2022, along with a longer-term assessment, in order to stress test financial resilience. Group reserves have been built upon from prior years and provide stability in times of difficulty. Whilst the Covid19 pandemic is not over, restrictions have eased and the company is planning for 2021/22 onwards, on this basis. That said there is no absolute certainty and the situation continues to evolve. The stress testing satisfied the Directors that it can deal with impact, due to a combination of mitigating strategies and availability of group reserves.

The Directors recognise the challenges faced through 2020/21 and the likelihood that there will be drawdown of group reserves, and they consider it appropriate to prepare the financial statements on a going concern basis. The parent organisation, Halesowen College has agreed to such drawdowns through a letter of support.

11 Relationship with The Halesowen Foundation

Halesowen College Enterprises Limited is independent of The Halesowen Foundation which is a registered charity (1130576).

Profits of the Company may be transferred to The Halesowen Foundation by means of a deed of covenant. The profits of the Company are subject to taxation although this is not payable provided that the profits are covenant to the Charity under the terms of Gift Aid. Profits are therefore paid to the Charity gross. Gift Aid is accounted for in the year funds were generated not the year it is paid across, subject to the approval of Company Directors and the Directors/Trustees of The Halesowen Foundation. For 2020/21 there is no covenant to this charity.

12 Risks and Uncertainties

The establishment and running of a limited company is not without risk and the financial consequences can be substantial if a trading venture results in financial loss and a possible claim by third parties. As such, risks must be identified and monitored with systems in place to ensure operational effectiveness, probity and accountability in relation to the use of funds.

It is vital that the Company earns sufficient income to cover all costs and ensure appropriate:

- use of funds
- transparent accountability and governance
- robust business planning
- effective risk management
- high quality and vigorous financial control
- levels of customer satisfaction

A certain degree of risk is inevitable with any venture and the key risks to Halesowen College Enterprises have been identified and evaluated. A detailed risk assessment is included in the company business plan.

In order to minimise risk, financial information is produced monthly which allows the Directors of the Company the opportunity to make timely decisions to address any adverse trends and potential problems. Directors meetings are scheduled regularly by the Company Secretary. Financial information is also forwarded to College Leadership Team and the Corporation on a monthly basis. Expert HR advice is available and supported by access to a legal helpline with Shakespeare Martineau.

The impact of the living wage has increased the Company wage bill. Pension contribution increases in the LPGA scheme have been avoided as staff engaged in retail and cleaning are employed directly by Halesowen College Enterprises and as such employer contribution to NEST and SMART are much lower. Rising pay costs may be challenging and impact on profitability.

With regard to compliance with statutory requirements, the Company is subject to all control mechanisms in place at Halesowen College; for example, internal and external audit. Major responsibilities fall on Company Directors and as such indemnity insurance is in place to protect Directors. All Directors complete annually a statutory declaration of interests covering emoluments, share options, long term incentive schemes and loans. Information on any related party transactions is also formally declared in accordance with Companies Act requirements. The impact of relevant legislation, such as the Companies Act 2006 and the Bribery Act 2010, has been considered by the Directors and action taken to address the relevant requirements as appropriate.

Security measures within the retail and catering outlets are recognised by the Company. To seek to combat potential risks increased staffing is in place at busy periods for example lunchtime. The design of the facilities seeks to minimise any theft of goods and protects the cash tills. This will be a key factor in the re-design of the block 8 area. Cash taken is kept securely in a cash register with notes lodged in a cash box. All takings are placed in a safe before banking. Tills are balanced each day and any under or over banking identified separately in the financial ledger system. Special pens and ultra-violet machines are used to detect forged notes. Key risks for the shop focus on the economic climate and spending power of students linked with availability of hardship funding alongside customer satisfaction.

The Company invoices all customers using an official company invoice. Reminders are issued within a predetermined timescale to customers who have not settled their account. This credit control procedure is supplemented by telephone calls to chase debts. On the authority of the Directors, legal proceedings would be instigated to recover money owed to the Company. Procedures are in place to minimise the risk of trading with companies in financial difficulties and subsequently cannot settle invoices. Measures include financial checks where appropriate and prepayment of training fees.

The shop/catering outlets regularly review prices and compares them to those of other local providers in order to maintain profitability and to offer a competitive price to students. Also, the staff in liaison with the Commercial Manager review lines which are slow to sell and prevents any re-ordering. It is ensured that the popular items are always available. This action limits competition from other local providers and minimises the number of items that are written off as the sell by date is passed. Monthly stock-taking and sale or return agreements are also in place to reduce risk.

The ongoing impact of Covid19 has been included in each section of the risk assessment.

Risks scoring 12 or more are outside the risk appetite agreed by the Corporation. Such risks are subject to further scrutiny. It is important to fully understand the risks and consider controls in place in order to establish the residual level of risk.

13 Auditors

In accordance with Section 487 (2) of the Companies Act 2006, the Company held a meeting on 26 August 2020 at which accounts were laid, appointed the auditors RSM UK Audit LLP as its auditors, to hold office until the next such General Meeting. As determined by Section 492 of the Companies Act, the directors resolved that the remuneration of the auditors shall be in accordance with the tender conducted by Halesowen College.

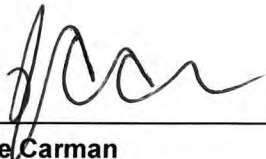
14 Statement as to Disclosure of Information to Auditors

The directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditors are unaware. Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

15 Small Entities Exemption

The Directors' Report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemptions.

Signed on behalf of the Board



Jacqueline Carman
Director

14 December 2021

Date

Directors' Responsibility Statement

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing those financial statements, the directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and accounting estimates that are reasonable and prudent;
- c. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HALESOWEN COLLEGE ENTERPRISES LIMITED

Opinion

We have audited the financial statements of Halesowen College Enterprises Limited (the 'company') for the year ended 31 July 2021 which comprise the Income Statement, Balance Sheet and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 July 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

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

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption from the requirement to prepare a strategic report or in preparing the directors' report.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 11, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the company operates in and how the company is complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Companies Act 2006 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures, inspecting correspondence with local tax authorities and evaluating advice received from internal/external tax advisors.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to food safety and safeguarding. We performed audit procedures to inquire of management and those charged with governance whether the company is in compliance with these law and regulations and inspected correspondence with licensing or regulatory authorities.

The audit engagement team identified income recognition and the risk of management override of controls and valuation of investments as the area where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, challenging judgments and estimates.

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

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Anna Spencer-Gray

ANNA SPENCER-GRAY (Senior Statutory Auditor)

For and on behalf of RSM UK Audit LLP, Statutory Auditor

Chartered Accountants

St Philips Point

Temple Row

Birmingham

B2 5AF

Date: 17 December 2021

Income Statement for the year ended 31 July 2021

		31 July 2021	31 July 2020
		£	£
Turnover	Note 3	950,003	1,108,167
Cost of Sales		(270,825)	(511,689)
		<hr/>	<hr/>
Gross Profit		679,178	596,478
Other Income	Note 4	71,553	117,685
Administrative Expenses		(802,386)	(698,798)
		<hr/>	<hr/>
Operating (Loss)/Profit		(51,655)	15,365
Other Interest Receivable and similar income	Note 7	0	529
		<hr/>	<hr/>
(Loss)/Profit before Taxation	Note 6	(51,655)	15,894
Taxation	Note 8	0	0
		<hr/>	<hr/>
(Loss)/Profit after Taxation and (Loss)/Profit for the Financial Year		(51,655)	15,894
		<hr/>	<hr/>

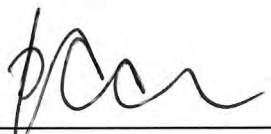
All turnover and (loss)/profit relates to continuing operations.

Balance Sheet as at 31 July 2021
Company Number 2790416

		31 July 2021		31 July 2020	
		£	£	£	£
Fixed Assets					
Tangible Assets	Note 9		0		0
Current Assets					
Stock	Note 10	8,643		8,696	
Debtors	Note 11	84,782		13,225	
Cash at Bank and in Hand		11,182		58,066	
		<u>104,607</u>		<u>79,987</u>	
Creditors: amounts falling due within one year	Note 12	<u>(156,260)</u>		<u>(79,985)</u>	
Net Current Assets			<u>(51,653)</u>		<u>2</u>
Capital and Reserves					
Called up Share Capital	Note 13		2		2
Profit and Loss Account	Note 14		(51,655)		0
Shareholder's Funds			<u>(51,653)</u>		<u>2</u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

These financial statements were approved and authorised for issue by the Board of Directors and signed on its behalf by :



 Jacqueline Carman
 Director

14-12-21

 Date

Notes to the Accounts

Note 1 Accounting Policies

General Information

Halesowen College Enterprises Limited ('the Company') is a private company limited by shares incorporated in England.

The registered office address of the Company is Halesowen College, Whittingham Road, Halesowen, West Midlands B63 3NA.

Basis of Accounting

These financial statements have been prepared in accordance with FRS102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS102), the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime, and under the historical cost convention. The disclosure requirements of section 1A of FRS102 have been applied other than where additional disclosure is required to show a true and fair view.

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

Turnover

Turnover is recognised in the financial statements when goods and services are delivered. Where income is received in advance of delivery, it is included in creditors.

Going Concern

The impact of the ongoing Coronavirus pandemic has had a significant impact on the Company's operations. The Directors have undertaken a detailed review of group's financial position and the appropriate basis of preparation of the Financial Statements. The Directors have considered scenario planning through to 31 January 2022, along with a longer-term assessment, in order to stress test financial resilience. Group reserves have been built upon from prior years and provide stability in times of difficulty. Whilst the Covid19 outbreak continues to evolve and the full impact cannot at present be estimated, the stress testing satisfied the Directors that it can deal with its impact, due to a combination of mitigating strategies and availability of group reserves.

The Directors recognise the challenges faced through 2020 and the likelihood that there will need to be some drawdown of group reserves, and they consider it appropriate to prepare the financial statements on a going concern basis. The parent organisation, Halesowen College has agreed to such drawdowns through a letter of support if they become necessary.

Accounting for Fixed Assets

Fixed assets are included at cost, this being the purchase price plus any expenses incidental to its acquisition. Depreciation is provided on a straight-line basis over useful life of the asset as stated below:

Equipment: 4 years
Shop Fittings: 5 years

Related Parties

As the Company is a wholly owned subsidiary of Halesowen College, the Company has taken advantage of the exemption contained in Financial Reporting Standard 102 and has therefore not disclosed transactions or balances with wholly owned entities which form part of the group.

Stocks

Stock has been valued at the lower of cost and net realisable value.

Financial Instruments

The Company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102, in full, to all of its financial instruments.

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument, and are offset only when the Company currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial Assets

Trade, Group and Other Debtors

Trade, group and other debtors (including accrued income) which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

Where the arrangement with a debtor constitutes a financing transaction, the debtor is initially measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument and subsequently measured at amortised cost.

A provision for impairment of trade debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in profit or loss for the excess of the carrying value of the trade debtor over the present value of the future cash flows discounted using the original effective interest rate. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, are recognised immediately in profit or loss.

Financial Liabilities and Equity

Financial instruments are classified as liabilities and equity instruments according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

Trade, Group and Other Creditors

Trade, group and other creditors (including accruals) payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

Where the arrangement with a creditor constitutes a financing transaction, the creditor is initially measured at the present value of future payments discounted at a market rate of interest for a similar instrument and subsequently measured at amortised cost.

Derecognition of Financial Assets and Liabilities

A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Current and deferred tax is charged or credited in profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Retirement Benefits

Defined contribution plans

For defined contribution schemes, the amount charged to profit or loss is the contributions payable in the year.

Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

Notes to the Accounts (continued)

Note 2 Employees

Halesowen College Enterprises now employs retail staff, cleaning staff, bistro staff and nursery staff. However, certain Halesowen College employees engage in the activities of Halesowen College Enterprises and their costs are recharged accordingly as specified in the Memorandum of Understanding and approved recharge methodology.

The average number of persons employed in the reporting period was 58.4 (2020: 55.0)

Note 3	Turnover	31 July 2021 £	31 July 2020 £
	Shops	307,157	693,354
	Cleaning	398,928	321,725
	Business centre	2,017	25,153
	Bistro	66,640	11,734
	Nursery	166,756	47,817
	Other	8,505	8,384
		<hr/> 950,003	<hr/> 1,108,167

Note 4 Other Income

Coronavirus job retention scheme income	<hr/> 71,553	<hr/> 117,685
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Note 5 Directors' Remuneration

The Company Directors have received no remuneration and no dividend has been paid or proposed.

Note 6 Profit before taxation is stated after charging: Auditor's Remuneration

For Audit Services	4,290	4,980
For Other Services	1,800	1,800
	<hr/> 6,090	<hr/> 6,780

Note 7 Interest Receivable and Similar Income

Bank Interest - Gross	0	529
	<hr/> 0	<hr/> 529

Note 8 Taxation

Corporation Tax	<hr/> 0	<hr/> 0
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Notes to the Accounts (continued)

Note 9 Tangible Fixed Assets

	<u>Computer Equipment</u>	<u>Security Equipment</u>	<u>Fixtures & Fittings</u>	<u>Total</u>
	£	£	£	£
Cost 01/08/20 and 31/07/21				0
Depreciation 01/08/20 and 31/07/21				0
Net Book Value 31/07/20 and 31/07/21	0	0	0	0

	31 July 2021	31 July 2020
	£	£
Goods for resale	8,643	8,695

Note 11 Debtors

Trade Debtors	84,782	13,225
Other Debtors	0	0
Loan to The Halesowen Foundation	0	0
	84,782	13,225

Note 12 Creditors: amounts falling due within one year

Trade Creditors	1,046	712
Corporation Tax	0	0
Other Taxation and Social Security	11,264	10,009
Accruals and Deferred Income	12,725	8,313
Amounts owing to Halesowen College	131,225	60,951
Amounts owing to The Halesowen Foundation	0	0
	156,260	79,985

Note 13 Share Capital

Allotted, called up and fully paid		
2 Ordinary Shares @ £1.00	2	2

Note 14 Reserves

Balance as at 1 August 2021	0	0
(Loss)/profit for the year	(51,655)	15,894
Gift aid distribution	0	(15,894)
Balance as at 31 July 2021	(51,655)	0

Notes to the Accounts (continued)

Note 15 Staff Recharge

Halesowen College Enterprises now employ their own staff. Despite this, the Company does also benefit from certain employees of Halesowen College who engage in the activities of the Company. This is calculated based on a Recharge Methodology where Directors' have agreed a percentage of certain departments time be recharged to the Company.

A recharge of £24,354 (2020 £14,960) was made for the time spent on Company business by these employees (who include the directors of the Company).

None of the Directors received any remuneration from the Company (2020: £nil).

Note 16 Capital Commitments

The Company had no capital commitments as at 31 July 2021 (2020: £nil).

Note 17 Ultimate Parent Undertaking

The ultimate parent undertaking is Halesowen College, a UK exempt charity under the Further and Higher Education Act 1992. Copies of the group accounts may be obtained from Halesowen College, Whittingham Road, Halesowen, West Midlands B63 3NA.