



Halesowen College Enterprises Limited

Directors' Report and Financial Statements 2022/23

For the year ended 31 July 2023

Company Number 2790416

Directors' Report

Company Details

Company Name	Halesowen College Enterprises Limited
Company Number	2790416

Officers and Professional Advisers

Directors

Jacqueline Carman (Chair)
Rachael Charles
Michael Guest
Andrew Hanson
Ian Jewkes
Lynn Pass

Company Secretary

Rachael Charles

Registered Office

Halesowen College
Whittingham Road
Halesowen
West Midlands
B63 3NA

Auditor

Bishop Fleming
1-3 College Yard
Worcester
WR1 2LB
Bishop Fleming

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 2023.

1. Principal Activities of the Company

The Company has the following principal activities:

- Retail /Catering outlets for students
- Bistro@B63
- Cleaning, janitorial and grounds
- Sales and enterprise
- Room hire

The College provides contemporary food outlet retail facilities which are responsive to student needs. The College retail 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. In order to meet the demand, the Company has established a number of "shacks" which have a limited themed offer and are very popular with students. There is also provision at Shenstone House and Coombs Wood. All of the retail outlets are marketed through the Munch or Elliott's branding. Goods connected with the provision of education; for example, art materials, stationery, IT and catering equipment are also sold together with logo products through the online store Halazon. The retail outlets participate in the Free FE Meals, 16-18 Discretionary Award and 19+ Learner Support Fund meal schemes. The Company adheres to the College values, and a policy of not selling chewing gum, tobacco, lottery or alcohol products is in place. 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 provide goods to suit a range of dietary, cultural and religious requirements including gluten free, halal and vegetarian/vegan ranges. In supporting the College as a Leader in Diversity the retail outlets support the celebration of cultural diversity through displays and promotional offers. For 2023/24 onwards a uniform shop is being established to allow learners to buy their uniform on site.

The Bistro@B63 offers an alternative student catering facility during the day and then extends to a community dining experience in the evenings and weekends which is available to the general public. A range of Bistro evenings and special events such as Murder Mystery, Burns night and Caribbean themed dinners provide an excellent resource to the local community and most importantly an opportunity for hospitality and catering students to learn within a realistic working environment. During the pandemic the Bistro operated a takeaway and delivery service which was overwhelmingly appreciated by the community and raised the profile of the College. This has continued and is popular with staff and the community. The Bistro also links with other curriculum areas to develop commercial training events such as pottery and cooking school. This enables local people to engage with the College for a leisure based learning experience which then may progress to accredited learning. Our full time and part time offer is also marketing through events for example, animal experience lunches.

The Company provides a full cleaning and janitorial service to Halesowen College. Staff work across all three sites to ensure a clean environment for learning and attractive grounds.

Commercial work may also have a broader scope in assisting in providing 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 ongoing 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 ongoing basis. This links with the College's development of apprenticeships, support for the Local Skills Improvement Plan and supporting skills development in our area. The College is focusing on the delivery of apprenticeships, Adult Education, SWAPS and bootcamps in areas where there is a shortage of higher level skills; business and finance, digital and health care science, in accordance with government and local WMCA

priorities. Engaging with employers to discuss delivery of training via these models may lead to companies also requesting bespoke training. The opening of our Skills Shop in the Cornbow Centre Halesowen has continued to forge the community ethos and promote the work of the College and how it can educate and train young people and adults. Through skills development the conditions can be created for enterprise to flourish resulting in greater prosperity for the area. Training will increase the skill level of the local workforce and Halesowen College aims to provide courses to match the needs of the sector in priority areas. This is now formally laid out in the College's Accountability Agreement.

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. There are stringent controls in place for room hire to ensure that the College's responsibilities for safeguarding, including Prevent anti-radicalisation, are not compromised. Room hire is again part of the College's engagement with local groups in order to develop as the cornerstone of the community.

The company generates income from sales of hair and beauty products and dog grooming products.

The Company no longer operates The Nursery@ B63 which offered childcare from 0 to 5 years. This facility permanently closed on 30 September 2022.

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 reviews regularly that its activities are in the public benefit and meet the conditions of grant funding. Activities outside of this scope but central to the College's strategic plan may be operated by Halesowen College Enterprises Limited.

Budgets are continually being monitored, and forecasts adjusted to reflect any/all changes to income and expenditure profiles.

The business aims of the Company are consistent with the key aims of the College as defined in the strategic plan.

The Company aims to realise a modest profit and cover all of its costs in full. Profits made may be covenanted to Halesowen College under the Gift Aid scheme. Profits can be retained within the company with the appropriate level of Corporation Tax paid.

Overall, the Company ended financial year 2022/23 with an operating profit of £10,099 which will be transferred to Halesowen College under the terms of Gift Aid. The financial performance was adversely impacted by the pandemic but has now recovered and going forward Halesowen College does not require the Company to make payment for inter-company expenditure until it is affordable by the Company. The Directors do not recommend payment of a dividend. The Company continues to face challenges in terms of food inflation and does not wish to raise prices so that the outlets are cost prohibitive for the student community. Despite this the Company continues to make a modest profit.

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. The Managers of the Company functions meet regularly (each month) with the Company Secretary and Executive Director.

6 Employees

Halesowen College Enterprises Limited directly employs staff who work in catering/retail, 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.

All nursery staff were made redundant when the nursery permanently closed in September 2022.

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 generated a profit. Part of the profit has been transferred to Halesowen College under the terms of Gift Aid. It is not possible to transfer the whole value given the retained deficit brought forward from the prior year. Profit is paid gross under the terms and conditions of the Gift Aid Scheme.

The Gift Aid payment is shown as a distribution in year as the Directors and the Corporation specifically minute 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.

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.

Given the severe impact of the Covid 19 pandemic, Halesowen College put in place a letter of support to January 2022 to safeguard going concern, this has now expired. There is now a new letter of support in place due to the creditor balance with the College. Payment in full is not required if it would impact on the Company's ability to trade. No additional funds will be required from the College as the Company has a viable business plan and forecasts going forward.

The College charges the Company for running costs, management and administrative costs. This charge is applied in accordance with a recharge methodology which is agreed annually. 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

The Nursery closed permanently on 30 September 2022 following a consultation. Staff have been made redundant. The drivers for the decision were not financial. Linked with the national trends and shortage of Early Years professionals in the labour market, the setting was unable to recruit and retain suitably qualified staff. This led to a reliance on agency which adversely impacted on the quality of service provided and was unsustainable in the medium term.

For 2023/24 Halesowen College Enterprises will continue to provide cleaning and janitorial services across all College sites. This has been extended to include 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 College has purchased a fourth campus, Trinity Point which is currently being refurbished. This will be open in the Spring and coincides with the temporary closure of Shenstone House which is being renovated into a Centre of Excellence for Health and Healthcare Science. Once all sites are fully operational the volume of cleaning/janitorial staff will increase.

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 is being wound up with any remaining funds covenanted to Halesowen College.

Retail and food outlets are now exceeding pre-pandemic levels of activity which reflects the increase in learner numbers. The Company will still continue to fulfil to requirement to deliver free meals to eligible learners.

The Bistro has a comprehensive schedule of evening events whilst being a student facility during the day and supporting the students realistic work experience.

The security service currently provided by a third party will transfer to the company over the coming months. Staff will transfer under TUPE.

10 Going Concern

The impact of the pandemic had a significant impact on the Company's operations. In the previous financial year the Directors undertook a detailed review of group's financial position and the appropriate basis of preparation of the Financial Statements. This involved scenario planning through to 31 January 2022, along with a longer-term assessment, in order to stress test financial resilience. Group reserves built upon from prior years provided stability in those times of difficulty. Fortunately, with restrictions removed the company has returned to a profit position in 2021/22 and 2022/23 and aims to build on this in the years ahead. The letter of support for the company from Halesowen College is in respect of the creditor balance owing. Payment in full is not required if it would impact on the Company's ability to trade. No additional funds will be required from the College as the Company has a viable business plan and forecasts going forward.

Halesowen College Enterprises is a going concern and as such accounts have been prepared on this basis.

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 2022/23 there is no covenant to this charity and indeed the charity is in the process of being wound up.

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 are 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. 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.

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 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.

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, appointed the auditors Bishop Fleming as its auditors, to hold office until the next time Halesowen College, its ultimate parent, retenders for external audit. 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
Chair

5.12.23

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 auditors' 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 2023 which comprise the Income Statement, the Balance Sheet and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, 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 2023 and of its profit 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 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 group 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.

Conclusion relating to going concern

In auditing the financial statements, we have concluded that the members' 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 members 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 and Financial Statements, other than the financial statements and our auditor's report thereon. The members are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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 Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the group, or returns adequate for our audit have not been received from branches not visited by us; or
- the group's financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement, 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 determines 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- considering the nature of the entity and its environment, internal control environment, and business performance.
- considering the results of our enquiries of management about their own identification and assessment of the risk of irregularities.
- obtaining and reviewing, for any matters identified, the Company's documentation of their policies and procedures relating to:
 - the identification, evaluation, and compliance with laws and regulations, and whether management were aware of any instances of non-compliance within the year
 - the detection and response to the risk of fraud, and whether management have knowledge of actual, suspected, or alleged fraud; and
 - the internal controls established to mitigate the risks of fraud or non-compliance with laws and regulations.
- discussing amongst the audit engagement team, including internal tax specialists, regarding how and where fraud might occur in the financial statements and potential indicators of fraud.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. We also obtained an understanding of the legal and regulatory frameworks that the Company operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act, Financial Reporting Standard 102 and UK tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the Company's ability to operate or to avoid a material penalty. These included safeguarding regulations, data protection regulations, occupational health and safety regulations, education and inspections legislation, and employment legislation.

Our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements.
- enquiring of management concerning actual and potential litigation claims.
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement or fraud.
- reading minutes of board meetings throughout the year.
- in addressing the risk of fraud through management override of controls:
 - testing the appropriateness of journal entries and other adjustments.
 - assessing whether the judgements made in making accounting estimates are indicative of a potential bias.
 - evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

Use of our report

This report is made solely to the Company's members, 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 Directors 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 Directors, for our audit work, for this report, or for the opinions we have formed.



Bishop Fleming LLP
Chartered Accountants
Statutory Auditors
Salt Quay House
4 North East Quay
Sutton Harbour
Plymouth
Devon
PL4 0BN

Date: **19 December 2023**

Income Statement for the year ended 31 July 2023

		31 July 2023	31 July 2022
		£	£
Turnover	Note 3	1,860,674	1,695,867
Cost of Sales		(910,235)	(713,405)
Gross Profit		950,439	982,462
Other Income	Note 4	70,338	191,833
Administrative Expenses		(1,010,678)	(995,174)
Operating Profit		10,099	179,121
Other Interest Receivable and similar income	Note 7	0	0
Profit before Taxation and Other Recognised Gains and Losses	Note 6	10,099	179,121
Taxation	Note 8	0	0
Other Recognised Gains and Losses		0	0
Profit after Taxation and Other Recognised Gains and Losses, and Profit for the Financial Year		10,099	179,121
The nursery activity was discontinued in 2022/23			
This is included in the profit for the financial year		(6,306)	52,197

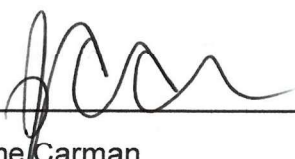
Balance Sheet as at 31 July 2023

Company Number 2790416

		31 July 2023		31 July 2022	
		£	£	£	£
Fixed Assets					
Tangible Assets	Note 9		0		0
Current Assets					
Stock	Note 10	14,793		10,230	
Debtors	Note 11	93,931		128,297	
Cash at Bank and in Hand		203,058		68,463	
		<u>311,782</u>		<u>206,990</u>	
Creditors: amounts falling due within one year	Note 12	<u>(311,780)</u>		<u>(206,988)</u>	
Net Current Assets			<u>2</u>		<u>2</u>
Capital and Reserves					
Called up Share Capital	Note 13		2		2
Profit and Loss Account	Note 14		0		0
Shareholder's Funds			<u>2</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

5.12.23

 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 Coronavirus pandemic had a significant impact on the Company's operations. In the previous financial year, the Directors undertook a detailed review of the group's financial position and the appropriate basis of preparation of the Financial Statements. This involved scenario planning through to January 2022, along with a longer-term assessment, in order to stress test financial resilience. Group reserves built upon from prior years provided stability in those times of difficulty. Fortunately, with restrictions removed the Company has returned to a profit position for 2022/23 and aims to build on this for the years ahead. The letter of support is in place due to the creditor balance with the College. Payment in full is not required if it would impact on the Company's ability to trade. No additional funds will be required from the College as the Company has a viable business plan and forecasts going forward. Halesowen College Enterprises is a going concern and as such accounts have been prepared on this basis.

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 and bistro 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. In 2021-2022 the Company employed nursery staff, the nursery closed in September 2022.

The average number of persons employed in the reporting period was 62.25 (2022: 77.58)

Note 3 Turnover

	31 July 2023 £	31 July 2022 £
Shops	1,104,253	817,757
Cleaning	470,339	441,890
Business centre	17,847	24,516
Bistro	216,123	181,468
Nursery	15,750	217,941
Other	36,362	12,295
	<u>1,860,674</u>	<u>1,695,867</u>

The nursery activity was discontinued during the year. The gross profit from the nursery was £14,631 (2022: £201,641) and the operating (loss) or profit arising from the nursery was (£6,306) (2022: £52,197).

Note 4 Other Income

Recharge for Training Services provided to Halesowen College	70,338	56,112
Insurance claim	0	135,721
	<u>70,338</u>	<u>191,833</u>

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	7,830	7,200
For Other Services	1,890	1,740
	<u>9,720</u>	<u>8,940</u>

Note 7 Interest Receivable and Similar Income

Bank Interest - Gross	0	0
	<u>0</u>	<u>0</u>

Note 8 Taxation

Corporation Tax	0	0
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Notes to the Accounts (continued)

Note 9 Tangible Fixed Assets

	Computer Equipment	Security Equipment	Fixtures & Fittings	Total
	£	£	£	£
Cost 01/08/22 and 31/07/23	0	0	0	0
Depreciation 01/08/22 and 31/07/23	0	0	0	0
Net Book Value 31/07/22 and 31/07/23	0	0	0	0

	31 July 2023	31 July 2022
	£	£
Note 10 Stock		
Goods for resale	14,793	10,230

Note 11 Debtors

Trade Debtors	93,931	128,297
Other Debtors	0	0
Loan to The Halesowen Foundation	0	0
	<u>93,931</u>	<u>128,297</u>

Note 12 Creditors: amounts falling due within one year

Trade Creditors	3,991	38
Corporation Tax	0	0
Other Taxation and Social Security	6,939	18,732
Accruals and Deferred Income	32,036	23,179
Amounts owing to Halesowen College	268,814	165,039
	<u>311,780</u>	<u>206,988</u>

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 2023	0	(51,655)
Profit for the year	10,099	179,121
Gift aid distribution	(10,099)	(127,466)
Balance as at 31 July 2023	<u>0</u>	<u>0</u>

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 £71,346 (2022 £55,694) 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 (2022: £nil).

Note 16 Capital Commitments

The Company had no capital commitments as at 31 July 2023 (2022: £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.

