

Registered number: 02790416



HALESOWEN COLLEGE ENTERPRISES LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2024

HALESOWEN COLLEGE ENTERPRISES LIMITED

COMPANY INFORMATION

Directors	Jacqueline Carman Rachael Charles Michael Guest Andrew Hanson Ian Jewkes Barry Wheeler (appointed 10 June 2024) Andrew Woodford (appointed 17 January 2024)
Company secretary	Rachael Charles
Registered number	02790416
Registered office	Halesowen College Whittingham Road Halesowen West Midlands B63 3NA
Independent auditors	Bishop Fleming LLP Chartered Accountants & Statutory Auditors 1-3 College Yard Worcester WR1 2LB
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.

HALESOWEN COLLEGE ENTERPRISES LIMITED

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HALESOWEN COLLEGE ENTERPRISES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 JULY 2024

The directors present their report and the financial statements for the year ended 31 July 2024.

Principal activity

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 retail sites and 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 and low sugar 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 was 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 'An Audience With...', 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. The Bistro also links with other curriculum areas to develop commercial training events such as the popular animal care section and catering curriculum linked 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 also has 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 LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 JULY 2024

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.

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 2023/24 with an operating profit of £51,639 (2022/23 - £10,099) which will be transferred to Halesowen College under the terms of Gift Aid. The financial performance which has previously been 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 – in line with a Letter of Support from the company's parent, Halesowen College. The Directors do not recommend payment of a dividend. The Company continues to face challenges in terms of food inflation and significant repeated rises in the National Minimum Wage 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.

Directors

The directors who served during the year were:

Jacqueline Carman
Rachael Charles
Michael Guest
Andrew Hanson
Ian Jewkes
Barry Wheeler (appointed 10 June 2024)
Andrew Woodford (appointed 17 January 2024)

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.

HALESOWEN COLLEGE ENTERPRISES LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 JULY 2024

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.

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.

Fixed Assets

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

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.

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.

HALESOWEN COLLEGE ENTERPRISES LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 JULY 2024

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 Covid 19 pandemic had a severe impact on the company and in order to safeguard going concern, the College had to put a Letter of Support in place. Due to continued difficult trading conditions, it has not been possible for the company to repay amounts owed to Halesowen College in full. Consequently there is a new annual Letter of Support in place that continues to underwrite going concern of the company and does not require payment in full from the company until it is in a sustainable financial position to do so.

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.

Plans for Future Periods

For 2024/25 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 acquired a long-term lease on a fourth campus, Trinity Point which has been refurbished and opened to students in September 2024. Catering facilities at Trinity Point will trade under the name Byte, chose by learners and a nod to the digital nature of the building. For 2024/25 Shenstone House will be temporarily closed while it 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 was wound up in October 2024.

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 and has purchased an Airstream catering van which will provide additional catering facilities at the Whittingham Road campus as well as being able to be move to external sites with a view to growing external income streams.

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

Going Concern

The impact of the Covid 19 pandemic had a significant impact on the Company's operations. 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 the last couple of years 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 are anticipated to be required from the College.

HALESOWEN COLLEGE ENTERPRISES LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 JULY 2024

The above said, continued increases to the National Minimum Wage as well as an increase in employer's National Insurance from April 2025 will make the trading environment difficult however 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.

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 2023/24 there is no covenant to this charity and indeed the charity was wound up in October 2024.

Principal 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 National Minimum Wage has increased the Company wage bill. Pension contribution increases in the LPGS 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. Increases to employer's National Insurance contributions from April 2025 will impact the Company. 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

HALESOWEN COLLEGE ENTERPRISES LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 JULY 2024

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.

Engagement with employees

Halesowen College Enterprises Limited directly employs staff who work in catering/retail, bistro and cleaning and janitorial services.

During the year, a small number of staff TUPED across from CPC Training Consultants Ltd a subcontractor of Halesowen College. The College is in the process of formal purchase of the CPC company, which is expected to complete in November 2024.

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.

Disclosure of information to auditors

The directors who were in office on the date of approval of these financial statements have confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

In accordance with section 487(2) of the Companies Act 2006, appointed the auditors, Bishop Fleming LLP 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.

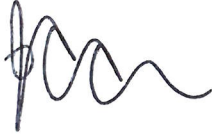
Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

HALESOWEN COLLEGE ENTERPRISES LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2024**

This report was approved by the board and signed on its behalf.



Jacqueline Carman
Director

Date: 3.12.2024

Halesowen College
Whittingham Road
Halesowen
West Midlands
B63 3NA

HALESOWEN COLLEGE ENTERPRISES LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 JULY 2024

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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 these financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- 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 to 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.

HALESOWEN COLLEGE ENTERPRISES LIMITED

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 2024, which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity and the related notes, 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 Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 July 2024 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 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 Auditors' 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 United Kingdom, including the Financial Reporting Council'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 Auditors' 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.

HALESOWEN COLLEGE ENTERPRISES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HALESOWEN COLLEGE ENTERPRISES LIMITED (CONTINUED)

Opinion 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' exemptions in preparing the Directors' report and from the requirement to prepare a Strategic report.

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement set out on page 8, 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.

HALESOWEN COLLEGE ENTERPRISES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HALESOWEN COLLEGE ENTERPRISES LIMITED (CONTINUED)

Auditors' 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 Auditors' 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:

Our procedures surrounding the identification and assessment of risks of material misstatement in relation to irregularities, including fraud and non-compliance with laws and regulations, included 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.

HALESOWEN COLLEGE ENTERPRISES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HALESOWEN COLLEGE ENTERPRISES LIMITED (CONTINUED)

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; and
 - 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 Auditors' 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 Auditors' 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.

Nathan Coughlin FCA (Senior statutory auditor)
for and on behalf of
Bishop Fleming LLP
Chartered Accountants
Statutory Auditors
Worcester
Date:

HALESOWEN COLLEGE ENTERPRISES LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 JULY 2024**

	Note	Continuing operations 2024 £	Discontinued operations 2024 £	Total 2024 £	Continuing operations 2023 £	Discontinued operations 2023 £	Total 2023 £
Turnover	3	2,293,536	-	2,293,536	1,844,924	15,750	1,860,674
Cost of sales		(1,165,476)	-	(1,165,476)	(909,116)	(1,119)	(910,235)
Gross profit		1,128,060	-	1,128,060	935,808	14,631	950,439
Administrative expenses		(1,135,039)	-	(1,135,039)	(989,741)	(20,937)	(1,010,678)
Other operating income	4	58,618	-	58,618	70,338	-	70,338
Operating profit		51,639	-	51,639	16,405	(6,306)	10,099
Profit for the financial year		51,639	-	51,639	16,405	(6,306)	10,099
Total comprehensive income for the year				51,639			10,099

The notes on pages 17 to 24 form part of these financial statements.

HALESOWEN COLLEGE ENTERPRISES LIMITED
REGISTERED NUMBER:02790416

STATEMENT OF FINANCIAL POSITION
AS AT 31 JULY 2024

	Note	2024 £	2023 £
Current assets			
Stocks	8	12,268	14,793
Debtors: amounts falling due within one year	9	36,084	93,931
Cash at bank and in hand	10	225,525	203,058
		<u>273,877</u>	<u>311,782</u>
Creditors: amounts falling due within one year	11	(273,875)	(311,780)
		<u>2</u>	<u>2</u>
Net current assets			
		<u>2</u>	<u>2</u>
Total assets less current liabilities			
		<u>2</u>	<u>2</u>
Net assets			
		<u>2</u>	<u>2</u>
Capital and reserves			
Called up share capital	12	2	2
		<u>2</u>	<u>2</u>
		<u>2</u>	<u>2</u>

The Company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



Jacqueline Carman
Director

Date: 3-12-2024.

The notes on pages 17 to 24 form part of these financial statements.

HALESOWEN COLLEGE ENTERPRISES LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 JULY 2024

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 August 2023	2	-	2
Comprehensive income for the year			
Profit for the year	-	51,639	51,639
Total comprehensive income for the year	<u>-</u>	<u>51,639</u>	<u>51,639</u>
Contributions by and distributions to owners			
Gift aid distribution	-	(51,639)	(51,639)
At 31 July 2024	<u>2</u>	<u>-</u>	<u>2</u>

The notes on pages 17 to 24 form part of these financial statements.

HALESOWEN COLLEGE ENTERPRISES LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 JULY 2023

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 August 2022	2	-	2
Comprehensive income for the year			
Profit for the year	-	10,099	10,099
Total comprehensive income for the year	-	10,099	10,099
Contributions by and distributions to owners			
Gift aid distribution	-	(10,099)	(10,099)
At 31 July 2023	2	-	2

The notes on pages 17 to 24 form part of these financial statements.

HALESOWEN COLLEGE ENTERPRISES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2024

1. General information

Halesowen College Enterprises Limited ('the Company') is a private limited company limited by shares incorporated in England on 16 February 1993.

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

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006. 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 £.

2.2 Going concern

The impact of the Covid 19 pandemic had a significant impact on the Company's operations. 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 the last couple of years 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 are anticipated to be required from the College.

The above said, continued increases to the National Minimum Wage as well as an increase in employer's National Insurance from April 2025 will make the trading environment difficult however 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2024**

2. Accounting policies (continued)

2.3 Revenue

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before turnover is recognised:

Sale of goods

Turnover from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of turnover can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Turnover from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of turnover can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.4 Pensions

DEFINED CONTRIBUTION PENSION PLAN

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

HALESOWEN COLLEGE ENTERPRISES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2024

2. Accounting policies (continued)

2.5 Taxation

Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the reporting date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.6 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Equipment	-	25%
Shop Fittings	-	20%

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.7 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2024**

2. Accounting policies (continued)

2.8 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.9 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.10 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.11 Financial instruments

The Company has elected to apply the provisions of Section 11 "Basic Financial Instruments" of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the Company's Statement of financial position when the Company becomes party to the contractual provisions of the instrument.

Basic financial assets

Basic financial assets, which include trade and other receivables, cash and bank balances, are initially measured at their transaction price including transaction costs and are subsequently carried at their amortised cost using the effective interest method, less any provision for impairment, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents, trade and most other receivables due with the operating cycle fall into this category of financial instruments.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each reporting date.

Financial assets are impaired when events, subsequent to their initial recognition, indicate the estimated future cash flows derived from the financial asset(s) have been adversely impacted. The impairment loss will be the difference between the current carrying amount and the present value of the future cash flows at the asset(s) original effective interest rate.

If there is a favourable change in relation to the events surrounding the impairment loss then the impairment can be reviewed for possible reversal. The reversal will not cause the current carrying amount to exceed the original carrying amount had the impairment not been recognised. The impairment reversal is recognised in the profit or loss.

Financial liabilities

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2024

2. Accounting policies (continued)

2.11 Financial instruments (CONTINUED)

the assets of the Company after the deduction of all its liabilities.

Basic financial liabilities, which include trade and other payables, bank loans and other loans are initially measured at their transaction price after transaction costs. When this constitutes a financing transaction, whereby the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Discounting is omitted where the effect of discounting is immaterial.

Debt instruments are subsequently carried at their amortised cost using the effective interest rate method.

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if the payment is due within one year. If not, they represent non-current liabilities. Trade payables are initially recognised at their transaction price and subsequently are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

Derecognition of financial assets

Financial assets are derecognised when their contractual right to future cash flow expire, or are settled, or when the Company transfers the asset and substantially all the risks and rewards of ownership to another party. If significant risks and rewards of ownership are retained after the transfer to another party, then the Company will continue to recognise the value of the portion of the risks and rewards retained.

Derecognition of financial liabilities

Financial liabilities are derecognised when the Company's contractual obligations expire or are discharged or cancelled.

2.12 Financial liabilities

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

Financial liabilities within the scope of IAS 39 are initially classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

The Group determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

Subsequently, the measurement of financial liabilities depends on their classification as follows:

2.13 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.

HALESOWEN COLLEGE ENTERPRISES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2024

3. Turnover

An analysis of turnover by class of business is as follows:

	2024 £	2023 £
Shops	1,426,866	1,104,253
Cleaning	516,725	470,339
Business centre	16,908	17,847
Other	72,721	36,362
Bistro	260,316	216,123
Nursery	-	15,750
	<u>2,293,536</u>	<u>1,860,674</u>

The nursery activity was discontinued during the prior year. The gross profit from the nursery was £Nil (2023: £14,631) and the operating loss arising from the nursery was £Nil (2023: £6,306 loss).

4. Other operating income

	2024 £	2023 £
Recharge for Training Services provided to Halesowen College	58,618	70,338
	<u>58,618</u>	<u>70,338</u>

5. Auditors' remuneration

During the year, the Company obtained the following services from the Company's auditors:

	2024 £	2023 £
For audit services	6,730	7,830
For other services	1,625	1,890
	<u>8,355</u>	<u>9,720</u>

6. Employees

The average monthly number of employees, including the directors, during the year was as follows:

	2024 No.	2023 No.
Employees	<u>66</u>	<u>62</u>

HALESOWEN COLLEGE ENTERPRISES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2024

7. Directors' remuneration

The Company Directors received no remuneration in the year (2023: NIL).

8. Stocks

	2024 £	2023 £
Goods for resale	12,268	14,793

9. Debtors

	2024 £	2023 £
Trade debtors	26,030	24,984
Prepayments and accrued income	10,054	68,947
	<u>36,084</u>	<u>93,931</u>

10. Cash and cash equivalents

	2024 £	2023 £
Cash at bank and in hand	225,525	203,058

11. Creditors: amounts falling due within one year

	2024 £	2023 £
Trade creditors	3	3,991
Amounts owed to group undertakings	226,312	268,814
Other taxation and social security	6,821	6,940
Accruals and deferred income	40,739	32,035
	<u>273,875</u>	<u>311,780</u>

12. Share capital

	2024 £	2023 £
Alloted, called up and fully paid		
2 (2023: 2) Ordinary shares of £1.00 each	2	2

HALESOWEN COLLEGE ENTERPRISES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2024

13. Related party transactions

The Company has taken advantage of the exemption, under the terms of FRS 102 not to disclose related party transactions with any wholly owned companies. All other transactions have been confirmed to have been standard arms length transactions carried out in the normal course of business and therefore does not require disclosure.

14. Controlling party

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.

HALESOWEN COLLEGE ENTERPRISES LIMITED

DETAILED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 JULY 2024

	2024 £	2023 £
Turnover	2,293,536	1,860,674
Cost Of Sales	(1,165,476)	(910,235)
GROSS PROFIT	<u>1,128,060</u>	<u>950,439</u>
Other operating income	<u>58,618</u>	<u>70,338</u>
LESS: OVERHEADS		
Administration expenses	(1,135,039)	(1,010,678)
OPERATING PROFIT	<u>51,639</u>	<u>10,099</u>
PROFIT FOR THE YEAR	<u>51,639</u>	<u>10,099</u>

HALESOWEN COLLEGE ENTERPRISES LIMITED

SCHEDULE TO THE DETAILED ACCOUNTS FOR THE YEAR ENDED 31 JULY 2024

	2024 £	2023 £
Turnover		
Sales - Shops	1,426,866	1,104,253
Sales - Cleaning	516,725	470,339
Sales - Business centre	16,908	17,847
Sales - Bistro	260,316	216,123
Sales - Nursery	-	15,750
Sales - Other	72,721	36,362
	<u>2,293,536</u>	<u>1,860,674</u>
	2024 £	2023 £
Cost of Sales		
Purchases - finished goods	1,071,905	828,084
Consumables	93,571	82,151
	<u>1,165,476</u>	<u>910,235</u>
	2024 £	2023 £
Other Operating Income		
Recharge for Training Services provided to Halesowen College	58,618	70,338
	2024 £	2023 £
Administrative Expenses		
Staff salaries	953,056	884,799
Staff national insurance	50,800	46,574
Staff pension costs - defined contribution schemes	13,835	13,391
General office expenses	36,978	34,840
Legal and professional	345	595
Auditors' remuneration	8,355	9,480
Bank charges	9,426	8,395
Bad debts	8,475	4,844
Sundry expenses	8,088	(186)
Rates	23,140	10,727
Management charges	16,737	(13,345)
Sundry establishment expenses	5,804	10,564
	<u>1,135,039</u>	<u>1,010,678</u>