

BIRMINGHAM INDUSTRIAL THERAPY ASSOCIATION LIMITED

England & Wales · Charity number 244866

Details

Other names	BETTER PATHWAYS, BITA PATHWAYS
Status	Registered
Legal form	Charitable company
Company number	00748773
Registered	1965-09-21
Register	View on the Charity Commission register

Contact

Address	201-206 Alcester Street Digbeth Birmingham B12 0NQ
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Website	www.betterpathways.org.uk

Activities

Objects: (A)TO PROVIDE CARE FOR PEOPLE WITH A HISTORY OF MENTAL ILLNESS OR DISORDER (HEREINAFTER CALLED "PATIENTS/CLIENTS") BY THE GIVING OF VOCATIONAL TRAINING, EDUCATION AND SUPPORT AND THE PROVISION OF RECREATIONAL FACILITIES. (B)TO PROVIDE FOR PATIENTS/CLIENTS SUCH WORK OR OCCUPATION AS MAY BE SUITED TO THEM WHEREBY THEY MAY BE ENABLED TO REGAIN THEIR HEALTH, AND TO SELL THE PRODUCE OF THE LABOUR OF PATIENTS/CLIENTS. (C)TO PAY PATIENTS/CLIENTS SUCH WAGES OR REMUNERATION FOR ANY WORK OR OCCUPATION PROVIDED BY THE COMPANY ON SUCH SCALE AND AT SUCH RATES AS THE DIRECTORS SHALL FROM TIME TO TIME DETERMINE. (D)TO GRANT MONEY PAYMENTS TO, TO MAKE LOANS TO, AND TO PROVIDE FOOD, LODGING AND OTHER RELIEF AND ENTERTAINMENT FOR NECESSITOUS PATIENTS/CLIENTS GRATUITOUSLY BY WAY OF AUGMENTATION OF WAGES OR OTHERWISE. (E)TO PROVIDE FOR THE INSTRUCTION OF PATIENTS/CLIENTS IN ANY INDUSTRIAL ART OR TRADE OR OTHER MODE OF EMPLOYMENT SUITED TO THEM AND ALSO IN READING, WRITING, MUSIC AND OTHER ARTS AND RECREATIONS AND ANY EDUCATIONAL SUBJECT. (FOR FURTHER DETAILS PLEASE SEE CLAUSE 3 OF MEMORANDUM OF ASSOCIATION).

Activities: We provide a supportive environment for people experiencing mental ill health, offering work training and support which promotes personal development and for progression towards employment

Classification

- **How:** Provides Services
- **What:** Disability
- **Who:** People With Disabilities

Geography

- **Area of benefit:** BIRMINGHAM AND THE MIDLANDS
- Birmingham City

Finances

Period end	Income	Expenditure	Assets	Employees
2024-09-30	£1,573,397	£1,512,416	£378,500	28
2023-03-31	£790,436	£940,033	£317,519	20
2022-03-31	£911,275	£1,034,336	£467,116	23
2021-03-31	£2,552,593	£2,519,913	£590,177	35
2020-03-31	£2,610,747	£2,508,394	£557,497	31

Trustees

Name	Role	Appointed
David Tucker		2021-02-15
Janine Garvie- Cole		2018-09-27
Martin John Commander		2017-09-28
Sean RUSSELL		2024-01-11

Accounts

Company number: 748773
Charity Number: 244866

Birmingham Industrial Therapy Association Limited

Operating as Better Pathways

Report and financial statements

For 18 months: 1 April 2023 – 30 September 2024



**BETTER
PATHWAYS**
Positive about mental health



Birmingham Industrial Therapy Association Limited

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Birmingham Industrial Therapy Association Limited

Reference and administrative information

For the 18 months ended 30 September 2024

Company number 748773
Country of incorporation United Kingdom

Charity number 244866
Country of registration England & Wales

Operating Name Better Pathways

Registered office and operational address 201–206 Alcester Street
Birmingham
B12 0NQ

Trustees Trustees, who are also directors under company law, who served during the period and up to the date of this report were as follows:

Mr David Tucker (Chair)
Dr Martin Commander
Ms Chaitali Desai (Resigned 10 December 2024)
Ms Janine Garvie–Cole
Ms Kimara Sharpe (Resigned 1 March 2024)
Mr Nick Baxter (Resigned 24 September 2024)
Mr Sean Russell (Joined 11 January 2024)

Key management personnel Ms Sue Roberts Chief Executive and Company Secretary

Bankers	CAF Bank Ltd 25 Kings Hill Avenue Kings Hill, West Mailing ME19 4JQ	Lloyds Bank PO Box 100 Andover BX1 1LT	Unity Trust Bank 4 Brindley Place Birmingham B1 2JB
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Solicitor Shakespeare Martineau
Somerset House Temple Street
Birmingham
B2 5DJ

Auditor Sayer Vincent LLP
Chartered Accountants and Statutory Auditor
110 Golden Lane
London
EC1Y 0TG

The trustees and Chief Executive present their report and the audited financial statements for the 18 months ended 30 September 2024.

Reference and administrative information set out on page 1 forms part of this report. The financial statements comply with current statutory requirements, the requirements of a directors' report as required under company law, the memorandum and articles of association and the Statement of Recommended Practice – Accounting and Reporting by Charities: SORP applicable to charities preparing their accounts in accordance with FRS 102.

Our Aims

The aims of the Charity as set out in the Articles of Association are to:

- 1 help people with mental health issues and learning difficulties and disabilities to secure opportunities for volunteering, training and education and progress them towards paid employment,
- 2 provide training and education to organisations that will support them to safeguard the mental health and wellbeing of their employees and other stakeholders,
- 3 deliver support programmes through our social enterprises to grow beneficiaries' confidence, sense of self-esteem and independence to enable them to stay well and take part in activities as full members of their communities,
- 4 provide mental health and wellbeing support to NHS and Local Authority client groups to enhance their potential for recovery and independent living, and
- 5 provide support to the carers of our beneficiaries, chiefly but not limited to the respite provided to families and carers arising from the participation of beneficiaries in the charity's activities.

Our Values

Inclusivity:	we welcome without prejudice or judgement all those who want our help
Tenacity:	we strive tirelessly to do our best for those we serve
Empowerment:	we build confidence in people to help them become self-supporting
Integrity:	we are kind, honest and fair in all our dealings
Partnership:	we work together with our stakeholders to further our collective aims

Our Services and Support

Registered as a mental health charity on the 1st February 1963 and located in Alcester Street, Digbeth, since 1973, Better Pathways supports some of the most vulnerable people in our communities to move into paid employment, education, training and volunteering. We work with people with severe and enduring mental illness, with mild to moderate poor mental health, with learning difficulties, learning disabilities and with other neurodiverse conditions. Participants come with a range of skills deficits and other support needs, for example, basic numeracy and literacy required in the workplace, with mobility problems, including poor manual dexterity, with travel anxieties, with varying intellectual capacities for basic and complex tasks and with personal circumstances impacting, for example, on familial relationships, housing, and economic

wellbeing. The job of our experienced teams is to meet all needs holistically. Delivered in our social enterprises, or out in the community under contract to the statutory sector, we work with programme participants to develop their skills, general work preparedness, confidence, self-belief, and resilience to help them achieve their vocational aspirations. The strengths-based approach we take seeks to empower participants on their journey towards an economically and socially active life, lived as independently as possible in good mental health so that they can enjoy the full range of community activities and services that others in society take for granted.

Our Social Enterprises

Better Packing: We are a valued supply chain partner, providing parts assembly, packing and light engineering services to businesses in Birmingham, the West Midlands and beyond, supporting our commercial customers to manufacture products to the highest quality and to deliver to their customers right first time every time and on time. Our participants undertake parts assembly and packing work of lower levels of complexity freeing up our commercial customers' employees to do the higher-level skilled work that only they can do. We assemble, pack, label, rework and quality check a wide range of products including, a wide range of fixtures and fittings, including fabricated metal products, healthcare products, plumbing and electrical products, vehicle parts and batteries. We unpack and repack products from bulk to small packs for retail and undertake re-work including, re-labelling, re-pricing, and flaw corrections. We work with electronics manufacturers, vehicle manufacturers, stationery suppliers and printers, distributors of health, homecare, and retail supplies, building trade manufacturers, gas and drainage component makers, hospital equipment suppliers, government, and community-oriented organisations.

Better Signage: Better Signage specialises in the design and production of interior and exterior signage, name badges, vehicle graphics, promotional banners, large format vinyl printed signs and posters, vinyl lettering and corporate gifts. We provide engraving and printing services and we have an inhouse graphics team. We work with a range of organisations including the NHS, housing associations, councils, schools, construction companies and other businesses in Birmingham and beyond.

Better Woodwork: We produce items for sale made from reclaimed and donated timber. We are proud of the legacy left by our connection with students from the Edinburgh Napier University, who designed products for our participants to craft based on a shared understanding of the skills, tools, and resources we have at our disposal. Our woodwork team can produce items for the garden or home and is increasingly manufacturing bespoke awards for employee celebratory events, working in collaboration with our signage team on innovative engraved designs that are manufactured from reclaimed materials, including wood.

Our social enterprises are the vehicle through which we work with participants to develop their skills and confidence, preparing them for their journey into paid employment. Our **Vocational Pathways Programme: Learning, Independence, Volunteering, Employment (LIVE)** adds significant social value to the supply chains of our commercial customers and makes a long-term positive social impact on the lives of our participants. Common to all three of the pathways delivered through this programme are the opportunities it affords to make new friends and build relationships.

Pathway 1: The 12-week employment preparation pathway covers 6 stages of support, overseen by a senior vocational specialist: co-produced person-centred support agreements, vocational skills and strengths assessment, basic skills development, personal impact awareness, external placement (if desired) and graduation with a personal resilience plan. Attendance on this pathway costs £45 per day which in most cases is covered by a participant's personal budget or through a social worker spot purchase arrangement. Participants can choose to self-fund. We are delighted to report a new corporate sponsorship arrangement with Oaklands International, based in Redditch, who are sponsoring four participants a year through this pathway.

Pathway 2: The meaningful day activities pathway, an alternative for participants that would otherwise attend social care funded day centre activities, is designed to stimulate, excite, and challenge participants. The range of activities provided is designed to be undertaken independently or in groups where participants can socialise, share thoughts, feelings, experiences, whilst engaging in their chosen activities. The activities present opportunities for participants to engage with others whilst at the same time developing practical skills, dexterity, and emotional wellbeing. Above all, we aim for participants to enjoy their day. Attendance on this pathway costs £35 per day which in most cases is covered by a participant's personal budget or through a social worker spot purchase arrangement. Participants can choose to self-fund.

Pathway 3: This pathway is for participants for whom employment is not a desired outcome and whose needs for support are much less complex than those attending for meaningful day opportunities. These participants are the longest serving at Better Pathways, receiving support from our participant support team to manage the areas of their lives where they need it the most for a full and rewarding life and independent living. Participants on this pathway will typically need support to manage their finances, tenancy arrangements, access to health and social care services and their relationships. This pathway is free to attend.

Our participant support team works closely with participants across all three pathways to ensure their aspirations are reflected in person-centred support plans with the aim being to encourage those with the potential to do so to move into paid employment.

Our Statutory Sector Projects

Our teams of employment specialists work on a 1:1 basis with people aged 16+ needing our support to move into paid employment, education and training. Activities include vocational planning, skills assessment, CV writing support, job searching, interview preparation, and in-work support. Our specialists signpost to education and training opportunities, working with partner organisations to add value where possible. A recent innovation is our further expansion into broader mental health support projects, building on our work with Birmingham Mind with whom we deliver a mental health connector service in the community, ensuring that primary care patients receive holistic support to maintain good mental health and wellbeing. Our Better Health 4 Life project, delivered in partnership with Sport 4 Life, combines mental health wrap around support with physical activity to highlight the impact of physical wellbeing on mental health. This project incorporates group sessional work to reduce social isolation, to foster a climate where people can learn from each other, building resilience and confidence, empowering participants to believe in themselves and their aspirations.

Our Impact

Vocational Pathways Programme

Over the reporting period, Better Pathways supported **170 individuals** to participate in our in-house social enterprises Vocational Pathways Programme. At the time of writing, **106 participants** remain actively engaged. These include long-term supported volunteers, individuals on meaningful day activities, and those enrolled in our 12-week employment preparation programme—many of whom are young people with special educational needs and disabilities (SEND) referred from local schools and colleges.

Participant Snapshot:

- 100% are seeking support to manage their mental health and build fulfilling, independent lives.
- 41% report mental ill-health or illness as their primary disability.
- 42% live with a learning disability or difficulty.
- 14% are neurodivergent in other ways (predominantly autistic).
- One participant has cerebral palsy.
- Over 50% present with multiple complex needs.
- 15% of participants are women.
- 45% are from mixed or ethnic minority backgrounds.
- Our longest-attending participants have been with us for over **40 years**.
- Our oldest participant is **72**; our youngest is **20**.

Tackling Social Isolation and Inactivity

Unemployment and isolation disproportionately affect people with mental health conditions, learning disabilities, and neurodivergence. Fewer than **2%** of people with learning disabilities known to Birmingham City Council are in paid employment (Source: PURE Project, Aug 2023). Our work directly addresses this by offering structure, purpose, friendship, and pathways to economic participation.

While our goals include employment, training, and volunteering, participants also gain:

- A safe, welcoming environment
- Peer companionship and social connection
- Improved self-esteem, confidence, and wellbeing

Our values-led model also delivers measurable **social value** to our statutory and commercial partners.

Participant Experience & Feedback

Annual Experience Survey (2025)

43 participants (40% response rate) shared their experiences:

- **94%** made many new friends (prev. 92% / 96% / 77%)
- **84%** reported increased self-confidence (92% / 100% / 68%)
- **100%** felt supported by staff (100% / 93% / 74%)
- **86%** felt a strong sense of belonging (86% / 96% / 80%)
- **88%** reported improved ability to pick up new skills (81% / 93% / 69%)

- 53% said they could better cope with life's challenges (60% / 71% / 51%)
- 86% felt happier (97% / 86% / 63%)
- 79% felt more hopeful about the future (76% / 89% / 63%)

Overall satisfaction:

- 18 participants were *very satisfied*
- 18 were *satisfied*
- 6 were *neutral*
- 1 was *dissatisfied*

Responding to participant feedback

Based on feedback, we are:

- Upgrading toilet facilities
- Organising more community trips
- Improving lunchtime food variety
- Securing more enterprise work to increase skill variety
- Expanding 'real life' skills training

Participant Wellbeing

Mental Health Outcomes – WEMWBS Assessment

In 2024–25, we introduced the **Warwick Edinburgh Mental Wellbeing Scale (WEMWBS)** to measure changes in wellbeing over time. Assessments were conducted in September, November, and February.

Key Results (79 participants):

- 73% (n=58) showed improved wellbeing scores
- 27% (n=21) experienced declines—highlighting the need for ongoing personalised support
- Average wellbeing score increased from 56 to 62
- Many started with moderate/low wellbeing; most improved across areas like confidence, optimism, and feeling connected

We adapted participant support based on these insights—offering additional check-ins, peer support, access to counselling, and targeted group activities. Those with the largest gains typically engaged most consistently in creative or physical group sessions.

Feedback from Social Enterprise Participants' Families

Of our current participants, 59 are living at home with families. Our support of participants provides respite for families, allowing parents and siblings free time to work during the day, to engage in their communities, to recharge their batteries and to maintain the resilience required to cope with the, often complex, needs of their family member. Family members supported number approximately 236 based on an average of 4 additional family members per participant.

Feedback from the mother of HG

How does H coming to Better Pathways help your family?

I am H's primary carer and Better Pathways has been a lifeline. Our family runs a business, and we would not be able to continue without your support. Basically, H coming to you puts a roof over our heads. H has been poorly from age 17 when he suddenly developed psychosis, paranoid schizophrenia. Up until then he was a fully functioning, normal adult. After he became ill we had to slow everything down. We had to tell H to eat and take him to the toilet. Even with anti-psychotic medicines, it's trial and error. Finding a place for H who is not disabled, but is not able either, has taken several years. H does not have much insight into his mental health, therefore doesn't know what he needs to do to get better. He has seen his cousins getting jobs and wants the same things but doesn't know how to get them. He wanted to go somewhere that seemed like going to work. Money is not the important thing. H wanted somewhere that he felt he belonged. He gets up and says 'I'm going to the factory'. H's motivation and physical skill levels are low. Having people at Better Pathways to work through these issues with H is just what he, and we, all need.

2 What have you noticed about H as a result of him coming to Better Pathways?

It has given him purpose, a routine, and this makes him feel much better about himself. The fact that he can say 'I've been to the factory' has given him a sense of worth.

3 Would you say that your own mental health, or that of family members, improves with the respite you receive when H comes to Better Pathways.

100%. We could have chosen to section H, put him in an institution. But we chose not to, we wanted to look after him for as long as we could. I know that he must like it, because he gets up and goes. Your team doesn't reveal too many of the challenges, they just get on with it. Knowing this and that he's going to be safe, busy, and looked after takes a huge weight off my mind.

Feedback from the mother of BS

How does B coming to Better Pathways help your family?

It gives me free time to do my job on the two days a week that he comes to Better Pathways. I'm not meeting my targets and I'm in danger of losing my job, so having two days free when I don't have to sort B out is an enormous help.

2 What have you noticed about B as a result of them coming to Better Pathways?

His sleeping patterns change and he's calmer. When he goes to Better Pathways he will go to bed earlier the night before because he knows he's got to get up, and on the day he's been. When he isn't coming, he will stay up until well past 2am which is a problem for me because I have to stay up with him. I'm so tired when that happens.

3 Would you say that your own mental health, or that of family members, improves with the respite you receive when B comes to Better Pathways.

Absolutely, mine is much better when B comes to Better Pathways. But for my son, who has left University who could get a job, he is bringing in B and this means he cannot get a job for those days, and so there is an adverse impact on his mental health because of this.

Better Packing: Case Study: *Improving mental health and wellbeing. LJ*

1. Client Background

Name: LJ

Age: 42

L was referred to Better Pathways by his carer worker to attend the 8 week Mentor Me project. Following this, he then signed up with our Pure Employment Support Team as he was gaining confidence to look for work. During this time, he disclosed that he used to enjoy working as a patisserie baker but left due to poor mental health. He was looking at retraining towards a cleaning job.

2. Initial Goals and Support Plan

Client's Goals:

- To increase confidence.
- Learn new skills, in preparation for a career change.
- Work in an environment that gives him a sense of belonging.

Better Pathways:

- **Mentor Me 8 weeks workshops** learning how to build confidence, that focused on self-esteem, motivation, and resilience.
- **Teamwork involvement** to provide structured guidance on productivity and mental well-being, whilst learning new skills.
- **The Pure Team supported** CV writing, interview preparation, and networking strategies.
- **Alternative career pathway exploration**, to explore further warehouse opportunities.
- **Confidence-building techniques**, being involved in teamwork.
- **Emotional well-being support** to encourage L to speak to staff when he feels overwhelmed by the environment.

3. Progress and Outcomes

Progress Made by Client:

- Following completion of the 8 week Mentor Me workshop, L was asked to do a presentation about his progress to a small group of new participants.
- Within Better Packing L was gaining experience within our engineering section, building handles and catches.
- Next, he was encouraged to work in the kitchen, supporting the new team to prepare lunches for our participants.
- L later secured sponsorship from Oaklands International Ltd and was invited to take a look around their warehouse, kitchen and farm. L expressed an interest in working in the kitchen and was offered a placement.

Outcomes Achieved:

- L has successfully gained part-time employment, working in the Oaklands International kitchen area, serving lunch time meals to their workers but has also decided to continue to volunteer at Better Pathways.

4. Client Testimonial

"I joined Better Pathways last February and it was during the workshops that I started to build my confidence. Had I not attended the workshops, I would not have found the confidence to do my presentation. I am really grateful for the support Better Pathways has provided, as now I am back on my feet. The group sessions helped me to build my confidence and enabled me to have a greater interaction with other people. The staff have been very supportive"

The Value of Our Volunteering Contribution

Volunteering is a cornerstone of Birmingham's social and economic life. Across the West Midlands, the social economy comprises over **11,000 organisations** and engages approximately **70,000 volunteers**. Collectively, these efforts contribute to an estimated **£3.5 billion** in annual economic value—demonstrating the transformative impact of citizen participation on regional wellbeing and inclusion. *(Source: West Midlands Combined Authority)*

Within this broader ecosystem, **Better Pathways has made a significant contribution**. Over the reporting period, **170 participants** engaged with our charity's programmes, collectively contributing **62,948 hours** of volunteering, skills development, and meaningful activity. Valued at the **Real Living Wage**, this equates to an estimated economic contribution of **£793,145** to the community, a powerful return on investment in both financial and social terms. This figure not only reflects the commitment and resilience of our participants—many of whom face complex barriers—but also illustrates Better Pathway's vital role in building a fairer, more inclusive local economy.

Statutory Sector Projects

Between April 2023 and March 2025, Better Pathways delivered a range of employment support and skills development programmes in partnership with local authorities and public sector commissioners. These contracts were subject to rigorous outcome reporting requirements.

Over this period, our vocational specialists supported 843 individuals. Each person faced different challenges, but all were supported to progress towards employment, independence, and better wellbeing.

The outcomes achieved (some individuals achieved multiple outcomes) include:

- **87** moved into paid employment
- **110** entered education
- **85** enrolled in further training
- **81** completed work placements
- **260** developed interpersonal or soft skills
- **67** accessed ongoing key worker support services
- **146** overcame barriers to employment

These figures reflect the depth and breadth of our work—supporting those furthest from the labour market to move forward with confidence, purpose, and the right support at the right time.

Achievements since our last annual report

Financial Outturn April 2023 – September 2024

Having set a deficit budget of £32,390 for the 12 months ending March 2024, we improved on this position slightly with an outturn deficit of £25,586. Whilst achieving this modest improvement was welcomed, owing to continuing uncertainties in December 2024 (the initial accounts approval and filing deadline) about Birmingham City Council projects due to end in March 2025, we sought and received approval from Companies House to extend our year end by 6 months to September 2024. In the event, three of the five projects due to end in March 2025 were extended for a further year.

With respect to September 2024's outturn, there was a slight upturn in overall performance resulting in the **charity being able to report a surplus of £60,981 for the 18 months to September 2024**. See below for more information on the financial results.

Service Delivery

What follows are our achievements to date:

Our social enterprises

As stated elsewhere, our social enterprises are the vehicle through which we deliver our in-house LIVE Vocational Pathways Programme (Learning, Independence, Volunteering, Employment), and we are delighted by the growth of our referral and funding networks, enabling us to support more participants.

Necessary for the successful delivery of this programme is the securing of business from commercial partners, enabling us to provide the broadest range of skills development opportunities possible, and providing the funding required to cover programme delivery costs. Our strategy is to build on our commercial partnerships. We aim to do more for our current customers, to secure new customers for our established commercial offer, and to deliver new services and manufacture new products for existing and new customers:

Better Packing is trading at higher revenues now than over the past 6 years. Not only have participant numbers across the social enterprises grown in excess of 150 (90% of whom attend Better Packing), revenues for Better Packing have now recovered to pre-pandemic levels. Our partnership with Widney Manufacturing, begun in 2023/2024 is going from strength to strength with revenues up by 53% in 2024/2025 (to £39k). We continue to work with customers who have been with us over many years and are enormously appreciative of the continuing business we receive from the Unicrimp, part of the Scolmore Group, (£26k over the last 12 months), from Lion Picture Framing (£19k), from Bailey Products (£7.5k), Niglon (£7k) and Samuel Health, a customer for over 13 years (£6.5k). We are very pleased recently to have welcomed Podonics as a new customer, a start-up

using an innovative SafeTPen to dispense Phenol for use in footcare surgery and to have welcomed back Marlux Medical a customer for many years that has increased automation in its operation, but who have secured a new customer for which they need our support.

Better Signage has been successfully embedded within the portfolio of commercial services based at our site in Digbeth. We have recruited two highly experienced signage professionals, and this has allowed us to establish an in-house graphics service as an integral part of our overall signage offer. Our customer base is growing significantly across a number of business sectors (up from 21 in the 12 months to March 2024 to 47 in the 12 months to March 2025 and we have received significantly more orders in recent months, showing a continuing upward trend in business. These are orders for jobs ranging from exterior signage and window manifestations for new offices, to advertising hoardings for sports and conference facilities. We are preparing to sign a 3-year contract with Birmingham and Solihull Procurement Collaborate for the provision of 'My Name is...' badges for the 7 organisations covered by the Collaborative, worn by nurses and other clinical staff. There has been significant investment in equipment, made possible by generous grant funding from Made Smarter, Love Brum and Goodwill Solutions and as a result of the donation of equipment by Max Spielman, part of the Timpson Group, and a significant discount offered on equipment supplied by Vivid Laminating Technologies Ltd. We are delighted to have recruited an apprentice to our Signage team, a young man who came to Better Pathways as a participant on our LIVE vocational pathways programme.

Better Woodwork is working increasingly closely with Better Signage in the design and manufacture of new products. Examples include engraved cheeseboards for a local sports club, awards for local business annual celebration events, planters and a café counter for our tenant street food business. We continue to work with Birmingham Hospice on ways of partnering to sell products in their charity shops.

Whilst much progress has been made, there is more to do to make our social enterprises financially sustainable by themselves, and we are delighted now to be working with **ambassadors and advisors** who are experts within manufacturing, industrial engineering and parts distribution sectors or in business growth. We are grateful to:

Our Ambassadors: Rob Cooper, Managing Director, British Stainless Steel Association; Rachel Eade, Chair, UK Metals Council; Stephen Morley, President, Confederation of British Metalformers; Mike Owens, Site Director Autajon Packaging Simply Cartons, Glenveagh Advisory, Vice-President of Greater Birmingham Chambers of Commerce; and Jon Simms, Independent Advisor and former Managing Director, Royde and Tucker Ltd

Allianz Insurance for selecting us to take part in its **Social Impact Project Programme**

West Midlands Combined Authority working in partnership with **Aston University** for the opportunity to participate in its **Social Enterprise Growth Programme**

Business Growth West Midlands, for including us in its **Supply Chain Transition Programmes**

(Coventry & Warwickshire Growth Hub, for the Very Light Railway & Electric Light Vehicles

programme and Newable Enterprise Nation & Greater Birmingham Chambers of Commerce for the Health/Med-Tech, Future Housing & Smart Energy programme).

Our Statutory Sector Projects

In the same way that the economic environment for social enterprise commercial customers remains challenging, statutory sector commissioners continue to operate with tighter and tighter budgets, requiring more for less (or at least the same) and in a climate where short-termism reigns. Projects commissioned over even 3 years make it difficult to plan long-term, and working with one-year extensions makes it even harder. In spite of this climate, we remain a trusted provider of employability and mental health support services in the city.

We are pleased to report the successful completion of a number of projects, including the **Disability Inclusion Pathway** project, part-funded by the European Social Fund to support adults 18+ furthest away from the jobs market into employment, education and training. Mobilised in July 2021, this project ended on 31st December 2023; the **Youth Promise Plus (YPP) Mental Health Wrap Around Support Service**, funded by Birmingham City Council, to help young people aged 16 – 29 with poor mental health stay engaged on employability programmes delivered by five YPP programme providers, Change Grow Live, University Hospitals Birmingham, Birmingham Youth Service, Birmingham Careers and The Prince's Trust. Mobilised in September 2021 this project ended on 1st October 2023; **Mentor Me**, funded from Commonwealth Games Legacy funds to support young people 16 – 29 with combined employability and mental health wrap around support. Mobilised in June 2024 this project ended in March 2025; **SEND 'Future Ready' project** supporting young people 16 – 25 to develop life skills and to prepare for the world of work. Mobilised in June 2024 this project ended in March 2025

We continue to be commissioned to provide support to young people and adults across a number of projects, including the **Mental Health Connector Service** working with Birmingham Mind and the Living Well Consortium, alongside NHS colleagues, to casework primary care patients with poor mental health and to signpost them to any additional services they need in the community. Awarded in May 2022, this initial 3-year project has been extended for a further year from April 2025; the **Better Health 4 Life project** funded by a Birmingham City Council, Prevention and Communities Grant, to provide support to maintain good mental and physical health in the community for adults 18+. Awarded in October 2023 this project which we are delivering in partnership with Sport4Life and which is aligned to community neighbourhood networks, is due to run until September 2026; the **PURE adult employability shared prosperity funded project (SPF)** commissioned by Birmingham City Council which has been extended for a further year to March 2026; the **East Birmingham Jobs & Skills Hub SPF project**, to support adults 18+ NEET into employment, education and training. Awarded initially for one year, this project has been extended for a further year to March 2026; the **Youth Employment Initiative SPF project** to support young people 16 – 29 NEET into employment, education or training. Awarded initially for one year, this project has also been extended to March 2026.

We are delivering two new projects for statutory sector commissioners, one a **Digital Divide project**, to promote digital inclusion for those who would otherwise miss out on using technology, awarded in late 2024 by the West Midlands Combined Authority for 19 months, another a **Work Well project** awarded by Birmingham and Solihull ICB in 2024 for 18 months to support adults into employment and to stay in work.

Financial results April 2023 – September 2024 (18 months)

Total income for the 18 months was £1,573,397. When comparing the previous two 12-month periods to March, income to March 2024 was £946,528 an increase of 20% on the income achieved in the year ending March 2023 which was £790,436. Income for the 6 months from April – September 2024, was £626,869, a significant improvement on the half yearly average for the 12 months to March 2024.

The reasons for this are:

Recovery and employment income increased by 78% over the 18-month period, primarily driven by the commissioning of new projects. Eight new projects were commissioned, two came to an end, and the Primary Care Recovery Navigator service continued.

Net trading income for the social enterprises increased by 99% over the 18-month period. The main contributor and growth area was Express Signs (now Better Signage), where income increased by 160%.

Donation and grant income increased by 179% over the 18-month period owing to the generous support of our funders, listed below. This includes the contribution of computer equipment donated by Birmingham City Council, which significantly supported our operational capacity.

LIVE Vocational Pathways Programme revenues increased by 262%.

Employee numbers have grown as a result of the growth in our activities:

March 2025	30.9 wte
September 2024	28.3 wte
March 2023	19.3 wte

Fundraising and Donations

Over the 18-months to September 2024, we raised a total of £314.6k from grant giving trusts/foundations and £12.2k in donations. We are grateful to the funders who have responded so positively to our bids for support and are pleased to acknowledge them here:

The Henry Smith Charity – £74k – To support the growth strategy for Better Signage.

Goodwill Solutions – £10K – Donation towards operational running costs.

Garfield Weston – £40K – Unrestricted grant towards running costs.

The Eveson Trust – 2 x £40k – Unrestricted grants towards the charity's core and running costs.

The Aston University Social Economy Growth Programme – £20K – This was a fully funded leadership and management training programme targeted at creating support the leadership and an increase trading income. The programme was funded by the UK Government and West Midlands Combined Authority from the Commonwealth Games Legacy Fund

The Access Reach Fund – £9.75K – The Reach Fund is a grant programme that helps charities and social enterprises raise investment.

The 29th May 1961 Charitable Trust – £7k – Funding toward LIVE Participant Support Team costs.

Souter Charitable Trust – £4k – Funding towards the Participant Support Team costs.

The Hobson Charity – £6k – Funding towards energy costs.

The National Lottery Community Fund – £20k – Funding towards LIVE running costs.

CB & HH Taylor 1984 Trust – £1k – Funding towards LIVE running costs.

Cole Charitable Trust – £1.5k – Funding towards LIVE running costs.

Roger & Douglas Tuner Charitable Trust – £3k – Funding towards LIVE running costs.

The Grimmitt Trust – £2.5k – Funding towards LIVE running costs.

The Grantham Yorke – £3k – Funding towards LIVE running costs.

Made Smarter – £16.3k – This grant supported the acquisition of a Mimaki flatbed UV printer for use in Better Signage.dd

Goldman Sachs – £10k – This grant supported the acquisition of a Mimaki flatbed UV printer for use in Better Signage.

The Greater Birmingham & Solihull Local Enterprise Partnership – Clean Growth Grant – £8.6k – This grant helped fund the acquisition of a new replacement boiler.

First Give – North Birmingham Academy – £1k – Grant awarded to enhance and strengthen the therapeutic delivery environment within the charity.

Softcat Plc – £3.64k – General donation to the charity by employees of Softcat Plc.

NorthEdge Capital – £2k – Donation towards operational running costs.

Birmingham City Council – £3.99k – Birmingham City Council donated computer equipment and accessories to the charity during the year, valued at £3,990.60. This in-kind support contributed to enhancing the charity's operational capacity.

Misc donations (including Just Giving and Birmingham Lottery donations) – £2.43k

Fundraising Regulator

We are registered with the Fundraising Regulator and can confirm we have not received any complaints in the period. Currently, our fundraising activity is geared to submitting to grant giving bodies. We do not raise donations through door-to-door canvassing, but where we ever to do so, we will ensure that we have policies and procedures in place to identify and protect people in situations of vulnerability.

Principal funding sources

In respect of our statutory sector contracts our principal sources of funding over the period to September 2024 were:

- European Social Fund for the Disability Inclusion Pathway
- Birmingham and Solihull Mental Health Foundation Trust (BSMHFT) via Birmingham Mind as the lead provider: Neighbourhood Mental Health Connector Service
- Birmingham City Council for the Youth Promise Plus Mental Health Wrap Around Support Service
- Birmingham City Council for the PURE adult employability shared prosperity funded project (SPF)
- Birmingham City Council (Commonwealth Legacy Funding) for Mentor Me
- Birmingham City Council for the Youth Employment Initiative SPF project
- Birmingham City Council for the SEND 'Future Ready' project
- Birmingham City Council for the East Birmingham Jobs & Skills Hub SPF project
- Birmingham City Council for the Better Health 4 Life Prevention & Communities Project

Future Plans

Supporting those that need us the most

At the core of our plans is our commitment to supporting more of the citizens of Birmingham that need our help the most, building on the growth in participant numbers that we have seen over the last 2 years. The rate of employment for people with disabilities in Birmingham, and especially for people with learning disabilities, remains shockingly low (less than 2% for people with learning disabilities) and we will continue to do all we can to improve this position. Where paid employment is not an aspiration, but where wrap around support is vital to our participants' mental health and wellbeing and to their capacity to lead fulfilling and active lives, our focus will be on growing the range of unique opportunities at Better Pathways for people to engage in vocational skills development, meaningful activities and supported volunteering. For all participants, regardless of pathway, developing their confidence, self-belief and sense of self-worth, empowering them to take their own decisions, will remain at the heart of all that we do.

Quality and impact

We will continue to strive to elevate the quality of our delivery, and the fabric of our facilities, recognising the crucial importance of this for the wellbeing and life chances of the people we support. We will raise the bar on our impact reporting, recognising the crucial importance of this for the provision of assurance to those receiving our services and to those from whom we must attract resources. We will seek feedback, build on what is working well and learn from our mistakes, sustaining a loop of continuous review and improvement.

Strength through partnership

As the longest serving, standalone mental health charity in Birmingham, we will continue to call on our strong relationships and collaborative partnerships for the benefit of our participants, both those on our social enterprise pathways and those being supported through our statutory sector projects. We will seek opportunities to work with partners that build on all our strengths and the knowledge we have about how to achieve the best outcomes for the people we serve, maximising the resources we can deploy together and delivering more than the 'sum of our parts'.

Commercial growth through social value to deliver social impact

We will continue to raise the profile of our charity and promote the *social value* we can add to the operations of the organisations we work with. We will add *commercial value* to the supply chains of our commercial customers, delivering the highest quality product, correct to customer specifications, 'right first time, every time'. In doing this, we will attract more customers and grow revenues, enabling us to expand our reach and deliver more social impact for the people we support and their families.

Our priorities

Supporting those that need us the most:

- One of our main priorities over the next 12 months will be to continue our work with Adult Social Care and the Council's Special Educational Needs and Disabilities (SEND) team to build referral pathways to our social enterprise employment preparation pathway for young people with complex needs who need our support to move into paid employment.
- In recognition of the scarcity of services and long waiting times for people with low level to moderately poor mental health, we will explore with employers the scope for introducing counselling services to support employee mental health and wellbeing and in-work retention.
- We will continue our work to provide innovative meaningful day activities (MDA) for people with poor mental health, other disabilities and complex needs, with the aim of at least doubling our MDA participants over the next 12 months.

Quality and Impact

- We will complete the work we have begun with NCFE to assess and recognise the LIVE Vocational Pathways Programme classroom learning syllabus and use this as a baseline towards more formal accreditation of the overall programme.
- We will gain accreditation under the Supported Employment Quality Framework to evidence the quality of our supported employment service.
- We will build on our Thrive at Work Foundation Status to achieve Bronze status within 18 months.
- We will mobilise the work we have undertaken with Make an Impact CIC to strengthen further our impact reporting, this will involve the mobilisation of an administration system for data collection and reporting.
- We will work through Lendlease, local developers of the Smithfield Development in Digbeth, to develop building refurbishment plans that we will submit to Birmingham City Council for approval. Bell Phillips, Architects, is overseeing this project, involving specialists from Quantum (quantity surveyors), Turley, (planners), Aecom, (MEP specialists) and Robert Bird (engineering specialists). Once plans are approved, we will explore options for raising the required funds to complete this project.
- We will use the feedback and intelligence gleaned from the annual participant survey and WEMWBS interviews, and through statutory sector project Reqol scores, to improve our services.

Strength through partnership

- We will continue to work closely with SEND schools and colleges and with the council's SEND teams to promote equality of opportunity for and inclusion of people with special needs in the workplace.
- We will continue to explore with Birmingham City University the potential for nurse placements at Better Pathways to promote a greater awareness of the health and wellbeing needs of people with complex needs when accessing NHS services.
- We will seek partnerships to respond to commissioner invitations to tender for new employability and other projects as they arise.
- We will play an active part in mental health fora, social enterprise networks and wider Birmingham anchor organisation networks in order to learn from others and to share our expertise.

- We will seek corporate sponsors of our employment preparation pathway, building on the success of our partnership with Oakland International Ltd.

Social and commercial value

- We will complete the work to update our commercial websites.
- We will design a Better Signage marketing and revenue growth plan with the Allianz Insurance Social Impact Project team.
- We will work with our Better Packing Ambassadors to identify manufacturers, industrial engineers and parts distributors for our parts assembly and packing service.
- We will invest in other activities that will maximise revenue growth potential, targeting specific products to markets most likely to yield the greatest results. An early priority will be the recruitment of a business development lead who will seek to penetrate NHS markets for name badges, building on the success of our new 3-year commercial contract with Birmingham & Solihull Procurement Collaborative.
- We will continue to promote our value as a social value partner, enabling customers to demonstrate their commitment to CSR, and to build warm leads for new business through our various networks and existing business partnerships.
- We will join MakeUK and the Greater Birmingham Chamber of Commerce to help raise our profile.
- We will publish in industry magazines and use case studies to demonstrate our commercial impact.

Principal risks and mitigations

The Charity's principal risks relate chiefly to the sustainability of its cash balance and reserves positions which, in turn, could be adversely impacted if the charity did not achieve its trading and expenditure plans to March 2026 and beyond. Specifically, the key financial risks and uncertainties are:

- not achieving all of the trading income target
- not achieving all the LIVE Vocational Pathways Programme target
- not achieving all of the fundraising target
- getting towards December with no sign of our current Birmingham City Council employability projects being renewed, having failed to win new statutory sector projects
- further significant unplanned expenditure on building repairs

These are considered further below, along with the mitigations that are being taken to minimise the likelihood of them occurring.

Risk area	Main Mitigations	Expected outcome as a result of mitigating actions
Trading income shortfall	Complete and mobilise the integrated, prioritised, sales pipeline and tracking system Secure investment funding to build capacity in the team Complete upgrade of website and refresh marketing materials	Aim to exceed trading income target
LIVE income shortfall	Work with managers in BCC on a strategy to increase referrals for the 12-week pathway Increase focus on referrals once confirmation of our acceptance onto the day opportunities framework is received Attend school transition events and parent and carer forums Secure new corporate partnerships for the 12-week pathway	Aim to exceed LIVE income target
Fundraising shortfall	Submit two or more material grant applications Submit bids to trusts and foundations identified in the fundraising pipeline Submit grants to larger existing funders	Aim to achieve the fundraising target
Statutory sector income	Pursue opportunities for additional statutory sector projects	Aim to secure increase on current level of statutory sector contribution to overhead
Unplanned expenditure	Significant upgrade to the roof already undertaken (which historically was the main source of unplanned expenditure) Establish a regular programme of maintenance	Repairs expenditure does not exceed budget

Reserves position and policy

On 30 September 2024, Better Pathways had total funds of £378,500 to carry forward. These funds were made up as follows:

- £140,694 – General Funds
- £79,857 – Restricted Funds
- £157,948 – Designated Funds

The trustees' policy is to maintain 90 days' expenditure in general funds to provide working capital for unforeseen reductions in cash flow. General funds of £140,694 covered 42 days of expenditure.

General Reserves

At 30 April 2025, the unaudited management accounts report an improved general funds position of £199,896, covering 63 days of expenditure and a forecast free reserves position at March 2026 of £175,552 (54 days).

We continue to manage better our working capital, getting cash in more quickly.

We are actively discussing proposals with social investors for funds that will provide working capital in the event the charity needs access to cash. Investment funds will also allow the charity to appoint a business development post to grow new commercial relationships and revenues for the social enterprises, incorporating improvements in marketing and the website.

Restricted Funds

We have and will continue to implement restricted funds projects, significantly reducing the restricted funds balance of £79,857 (of which 63% is for capital assets against which depreciation is being charged) by September 2025.

Designated Funds

The designated fund balance of £157,948 represents the carrying amount of acquired fixed assets as of September 2024, thus they do not form part of our calculation of general funds. This fund represents the net book value of fixed assets purchased through general funds. Depreciation is charged against this fund over the useful life of the assets until they are fully written down.

Statement of going concern

Trustees are required to look ahead at least 12 months from the date of signing of the accounts when judging whether the charity is a going concern. A cash flow forecast covering the period to June 2026 shows month on month cash positions varying from a high of £196,073 in August 2025 to a low of £83,752 in June 2026. Whilst the cash flow forecast is based on the risks that are set out above with some risk of income targets not being fully achieved and the potential for unplanned expenditure, the forecast has also in some areas been prepared on a prudent basis with the opportunity for upside movement, as well as downside risk.

Based on consideration of:

- the 12-month cash flow forecast;
- the risks outlined above and plans to mitigate them;
- the charity's plans to raise working capital in the event of an urgent need for a cash injection; and
- other investment opportunities that are currently being discussed,

the Chief Executive and Trustees of the charity have determined that whilst there is ongoing uncertainty, the charity's plans deal sufficiently with all material uncertainties, and thus the charity can be considered to be a going concern for at least the next 12 months.

Accreditations

- We continue to meet the requirements of the Investors in People standard, the MATRIX standards, and Disability Confident Accreditation.
- The charity is still an accredited Living Wage Employer after the year end.

Structure, governance and management

The organisation is a charitable company limited by guarantee, incorporated in England and Wales in September 1965, and registered as a Charity on 1st February 1963.

The company was established under a memorandum of association, which established the objects and powers of the charitable company and is governed under its articles of association. All trustees give their time voluntarily and receive no benefits from the Charity. The trustees have not claimed any expenses from the Charity during the year.

Trustees are elected at the annual general meeting and nominations for additional trustees may be made by Board members. All directors serve in an honorary capacity and are the trustees of the Charity. There is a rotational process in place with trustees retiring from the board each year; however, these trustees can offer themselves for re-election should they wish to do so. We aim to ensure that the Board is diverse in terms of age, gender and ethnicity and possess the skills required to direct the organisation.

At no time during the year did any trustee have an interest in a contract entered into by the Association in relation to the activities of the Association other than their involvement as employees of Mental Health Trusts. No remuneration or other benefits have been paid or are payable to any trustee of the Association either directly or indirectly from the funds of the Association. The overall policy of the Association is set by the trustees at regular meetings of the Board. Day to day running of the Association is managed by the Chief Executive, Sue Roberts.

Appointment of trustees

We use the guidance for trustee recruitment published by the Charity Commission. Skills audits are completed, gaps are identified, and new Trustees appointed based on these gaps.

Trustee engagement

New trustees meet with the Chair and Chief Executive as part of their induction and to agree expectations with respect to Trustee engagement in the charity's business. The following is covered:

- Trustee Role and Responsibilities
- Trustee Code of Conduct, including Conflicts of Interest
- Timetable of Annual Key tasks
- Trustee Contact details
- Expenses – How to claim travel and other expenses
- Induction visits and meetings include:
 - Attendance requirements and feedback
 - Organisation background and history
 - Mental Health First Aid (2-day accredited course) if desired
 - Social Enterprise site visit

Required reading includes:

- Memorandum & Articles
- Audited Accounts and Annual Report
- Risk Register
- Strategic Plan
- Organisation Chart
- Policies and Procedures
- The Essential Trustee (CC3)
- Other relevant Charity Commission guidance

Related parties and relationships with other organisations

No formal relationships exist between the Association and any related parties and there are no subsidiary undertakings. The Association cooperates with other charities in the pursuit of its charitable objectives.

Remuneration policy for key management personnel

The Chair conducts the annual appraisal of the Chief Executive and agrees her salary, which is benchmarked against comparable organisations in the not-for-profit sector. The salary is endorsed by all members of the Board.

Policy for employment of disabled persons

The Association has an Equality and Diversity policy which commits the Association to examine its selection and appointment process, personnel procedures, and training provisions to ensure the elimination of direct or indirect discrimination and the provision of equality of opportunity for the protected characteristics contained within the Equality Act 2010. There are regular reviews to maintain good employment practices and those engaged in the selection process will be made aware of the Equality and Diversity Policy, the Acts, and their personal liability to law.

Employee information

The Association aims to provide employees with as much information as possible on matters of concern to them as employees. Responsibility for doing this rests with the Senior Leadership Team.

Funds held as custodian trustee on behalf of others

No funds are held by the Association as custodian trustee on behalf of others.

Statement of responsibilities of the trustees

The trustees (who are also directors of Birmingham Industrial Therapy Association Ltd for the purposes of company law) are responsible for preparing the trustees' annual report including the strategic report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the charitable company, and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the trustees are required to:

- Select suitable accounting policies and then apply them consistently.
- Observe the methods and principles in the Charities SORP.
- Make judgements and estimates that are reasonable and prudent.
- State whether applicable UK Accounting Standards and statements of recommended practice have been followed, subject to any material departures disclosed and explained in the financial statements.
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable 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 charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as, the trustees are aware:

- There is no relevant audit information of which the charitable company's auditor is unaware.

Annual Report of the Trustees and Chief Executive

For the 18 months ended 30 September 2024

- The trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Trustees are appointed at the AGM which is attended by the charity's trustees. There were 7 trustees in attendance at Board meetings over the period covered by this report.

The trustees' annual report has been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The trustees' 18 month report has been approved by the trustees on **24 June 2025** and signed on their behalf by

David Tucker, Chair of Trustees

Sue Roberts, Chief Executive Officer

Independent auditor's report

To the members of

Birmingham Industrial Therapy Association Limited

Opinion

We have audited the financial statements of Birmingham Industrial Therapy Association Limited (the 'charitable company') for the 18 months ended 30 September 2024 which comprise the statement of financial activities, balance sheet, statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- Give a true and fair view of the state of the charitable company's affairs as of 30 September 2024 and of its incoming resources and application of resources, including its income and expenditure for the period then ended
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- Have been prepared in accordance with the requirements of the Companies Act 2006

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' 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 Birmingham Industrial Therapy Association Limited'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 trustees 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 trustees' annual report other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- The information given in the trustees' annual report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- The trustees' annual 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 charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' annual 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 trustees' 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 trustees' annual report and from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities set out in the trustees' annual report, the trustees (who are also the directors of the charitable company for the purposes of company law) 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 trustees 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 trustees are responsible for assessing the charitable 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 trustees either intend to liquidate the charitable 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 are set out below.

Capability of the audit in detecting irregularities

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

- We enquired of management, and the finance committee, which included obtaining and reviewing supporting documentation, concerning the charity's policies and procedures relating to:
- Identifying, evaluating, and complying with laws and regulations and whether they were aware of any instances of non-compliance;
- Detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected, or alleged fraud;

Independent auditor's report

To the members of

Birmingham Industrial Therapy Association Limited

- The internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- We inspected the minutes of meetings of those charged with governance.
- We obtained an understanding of the legal and regulatory framework that the charity operates in, focusing on those laws and regulations that had a material effect on the financial statements or that had a fundamental effect on the operations of the charity from our professional and sector experience.
- We communicated applicable laws and regulations throughout the audit team and remained alert to any indications of non-compliance throughout the audit.
- We reviewed any reports made to regulators.
- We reviewed the financial statement disclosures and tested these to supporting documentation to assess compliance with applicable laws and regulations.
- We performed analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments, assessed whether the judgements made in making accounting estimates are indicative of a potential bias and tested significant transactions that are unusual or those outside the normal course of business.

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 is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Independent auditor's report

To the members of

Birmingham Industrial Therapy Association Limited

Use of our report

This report is made solely to the charitable 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 charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Fleur Holden (Senior statutory auditor)

26 June 2025

for and on behalf of Sayer Vincent LLP, Statutory Auditor

110 Golden Lane, London, EC1Y 0TG

Birmingham Industrial Therapy Association Limited

Statement of financial activities (incorporating an income and expenditure account)

For 18 months ended 30 September 2024

				2024	(18 months)	2023
	Note	Unrestricted £	Restricted £	Total £	(12 months) Total £	
Income from:						
Donations and grants	3	146,285	10,750	157,035	56,303	
Charitable activities						
Recovery and Employment	4	739,559	136,486	876,045	490,867	
Social Enterprise – Better Assembly Services	4	230,711	67,239	297,950	117,570	
Social Enterprise – Express Signs	4	139,215	101,431	240,646	125,650	
Bank Interest		1,721	–	1,721	46	
Total income		1,257,491	315,906	1,573,397	790,436	
Expenditure on:						
Charitable activities						
Recovery and Employment	5	851,448	120,483	971,931	583,034	
Social Enterprise – Better Assembly Services	5	247,999	79,147	327,146	219,803	
Social Enterprise – Express Signs	5	138,391	74,946	213,338	137,196	
Total expenditure		1,237,839	274,577	1,512,416	940,033	
Net movement in funds (being net Income / (expenditure) in the year)	19	19,651	41,329	60,981	(149,597)	
Reconciliation of funds:						
Total funds brought forward		278,992	38,527	317,519	467,115	
Total funds carried forward		298,643	79,857	378,500	317,519	

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above. Movements in funds are disclosed in Note 19 to the financial statements.

Birmingham Industrial Therapy Association Limited

Balance sheet

As at 30 September 2024 (18 months)

		2024 (18 months) £	2023 (12 months) £
Note	£	£	£
Fixed assets:			
Tangible assets	11	<u>208,511</u>	<u>199,181</u>
		208,511	199,181
Current assets:			
Stock	12	6,505	5,466
Debtors	13	186,645	181,081
Cash at bank and in hand		<u>78,061</u>	<u>156,123</u>
		271,211	342,670
Liabilities:			
Creditors: amounts falling due within one year	14	<u>(86,223)</u>	<u>(194,333)</u>
Net current assets		<u>184,989</u>	<u>148,337</u>
Total assets less current liabilities		393,500	347,518
Creditors: amounts falling due after one year	16	(15,000)	(30,000)
Total net assets		<u>378,500</u>	<u>317,519</u>
The funds of the charity:	19		
Restricted income funds		79,857	38,527
Unrestricted income funds:			
Designated funds		157,948	173,471
General funds		<u>140,694</u>	<u>105,520</u>
Total unrestricted funds		298,643	278,992
Total charity funds		<u>378,500</u>	<u>317,519</u>

Approved by the trustees on 24 June 2025 and signed on their behalf by

David Tucker
Chair

Birmingham Industrial Therapy Association Limited

Statement of cash flows

For 18 months ended 30 September 2024

	Note	2024 (18 months)	2023 (12 months)
		£	£
Cash flows from operating activities			
Net cash (used in) / provided by operating activities	20	(14,384)	22,259
Cash flows from investing activities:			
Interest received		1,721	46
Purchase of fixed assets		<u>(50,400)</u>	<u>(26,223)</u>
Net cash used in investing activities		<u>(48,679)</u>	<u>(26,177)</u>
Cash flows from financing activities:			
Repayment of borrowings		(15,000)	(10,000)
Change in cash and cash equivalents in the year		(78,062)	(13,918)
Cash and cash equivalents at the beginning of the year		156,123	170,041
Cash and cash equivalents at the end of the year		<u>78,061</u>	<u>156,123</u>

Analysis of cash and cash equivalents and of net debt

	At 1 April 2023	Cash flows	At 30 September 2024
	£	£	£
Cash at bank and in hand	156,123	(78,063)	78,061
Total cash and cash equivalents	156,123	(78,063)	78,061
Loans current year repayment	(15,000)	15,000	-
Loans falling due within one year	(10,000)	-	(10,000)
Loans falling due after more than one year	(15,000)	-	(15,000)
Total	<u>116,123</u>	<u>(63,063)</u>	<u>53,061</u>

Notes to the financial statements

For 18 months ended 30 September 2024

1 Accounting policies

a) Statutory information

Birmingham Industrial Therapy Association Limited is a charitable company limited by guarantee and is incorporated in the United Kingdom. The registered office address and principal place of business is 201–206 Alcester Street, Digbeth, Birmingham, B12 0NQ.

b) Basis of preparation

The financial statements have been prepared for an extended period of 18 months due to a change in the accounting year end from 31 March to 30 September. The prior year figures cover a 12-month period for comparison purposes.

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) – (Charities SORP FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy or note.

In applying the financial reporting framework, the trustees have made a number of subjective judgements, for example in respect of significant accounting estimates. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The nature of the estimation means the actual outcomes could differ from those estimates. Any significant estimates and judgements affecting these financial statements are detailed within the relevant accounting policy below.

c) Public benefit entity

The charitable company meets the definition of a public benefit entity under FRS 102.

d) Going concern

The trustees consider that there are no material uncertainties about the charitable company's ability to continue as a going concern as explained in the trustees' annual report. The trustees do not consider that there are any sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

e) Income

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the income have been met, it is probable that the income will be received and that the amount can be measured reliably.

Income from government and other grants, whether 'capital' grants or 'revenue' grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

Income received in advance of the provision of a specified service is deferred until the criteria for income recognition are met.

f) Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

g) Fund accounting

Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure which meets these criteria is charged to the fund.

Unrestricted funds are donations and other incoming resources received or generated for the charitable purposes.

Designated funds are unrestricted funds earmarked by the trustees for particular purposes.

Notes to the financial statements

For 18 months ended 30 September 2024

1 Accounting policies (continued)

h) Expenditure and irrecoverable VAT

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

- Expenditure on charitable activities includes the costs of providing education, volunteering and employment services to the service users undertaken to further the purposes of the charity and their associated support costs
- Other expenditure represents those items not falling into any other heading

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

i) Allocation of support costs

Resources expended are allocated to the particular activity where the cost relates directly to that activity. However, the cost of overall direction and administration of each activity, comprising the salary and overhead costs of the central function, is apportioned on the following basis which are an estimate, based on staff time, of the amount attributable to each activity. Where information about the aims, objectives and projects of the charity is provided to potential beneficiaries, the costs associated with this publicity are allocated to charitable expenditure. Where such information about the aims, objectives and projects of the charity is also provided to potential donors, activity costs are apportioned between fundraising and charitable activities on the basis of staff time by each activity.

- | | |
|--|-----|
| • Recovery and Employment | 67% |
| • Social Enterprise – Better Assembly Services | 20% |
| • Social Enterprise – Express Signs | 13% |

j) Operating leases

Rental charges are charged on a straight line basis over the term of the lease.

k) Tangible fixed assets

Items of equipment are capitalised where the purchase price exceeds £250. Depreciation costs are allocated to activities on the basis of the use of the related assets in those activities. Assets are reviewed for impairment if circumstances indicate their carrying value may exceed their net realisable value and value in use.

Depreciation is provided at rates calculated to write down the cost of each asset to its estimated residual value over its expected useful life. The depreciation rates in use are as follows:

- | | |
|--------------------------------------|----------|
| • Freehold Building | 50 years |
| • Motor Vehicles, Computer Equipment | 4 years |
| • Plant, Fixture and Fittings | 10 years |

l) Stocks

Stocks are stated at the lower of cost and net realisable value. In general, cost is determined on a first in first out basis and includes transport and handling costs. Net realisable value is the price at which stocks can be sold in the normal course of business after allowing for the costs of realisation. Provision is made where necessary for obsolete, slow moving and defective stocks. Donated items of stock, held for distribution or resale, are recognised at fair value which is the amount the charity would have been willing to pay for the items on the open market.

m) Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

n) Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

o) Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

p) Financial Instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

q) Pensions

The charity has a NEST pension scheme to offer all employees. The charity is contributing a minimum employer contribution percentage into the scheme set by the Pension Regulator.

Notes to the financial statements

For 18 months ended 30 September 2024

2 Detailed comparatives for the statement of financial activities (prior year 12 months)

	Unrestricted activities £	Restricted activities £	2023 (12 months) Total £
Income from:			
Donations and grants	11,367	44,936	56,303
Charitable activities:			
Recovery and Employment	490,867	–	490,867
Social Enterprise – Better Assembly Services	117,570	–	117,570
Social Enterprise – Express Signs	125,650	–	125,650
Bank interest	46	–	46
Total income	745,500	44,936	790,436
Expenditure on:			
Charitable activities:			
Recovery and Employment	583,034	–	583,034
Social Enterprise – Better Assembly Services	123,835	95,968	219,803
Social Enterprise – Express Signs	109,760	27,436	137,196
Total expenditure	816,630	123,404	940,033
Net expenditure for the year	(71,129)	(78,468)	(149,597)

3 Income from donations

	2024 (18 months)			2023 (12 months)		
	Unrestricted £	Restricted £	Total £	Unrestricted £	Restricted £	Total £
Grants recieved	134,000	10,750	144,750	6,250	44,936	51,186
Donations	12,285	–	12,285	5,117	–	5,117
	146,285	10,750	157,035	11,367	44,936	56,303

Notes to the financial statements

For 18 months ended 30 September 2024

4a Income from charitable activities (current year)

	Unrestricted activities £	Restricted activities £	2024 (18 months) Total £	2023 (12 months) Total £
European Social Fund – Disability Inclusion Pathway	158,672	–	158,672	195,197
Birmingham City Council – Youth Promise Plus	83,180	–	83,180	146,364
Birmingham MIND –PCRN	203,363	–	203,363	124,277
Birmingham City Council – UK Shared Prosperity Fund – PURE	61,780	–	61,780	–
Birmingham City Council – Mentor Me	52,037	–	52,037	–
Birmingham City Council – Youth Employment Initiative	32,976	–	32,976	–
Birmingham City Council – SEND	47,918	–	47,918	–
Birmingham City Council – East Birmingham Jobs and Skills Hub	43,834	–	43,834	–
Birmingham City Council – Better Health 4 Life	–	70,000	70,000	–
Birmingham City Council – Active Pathways 4 Life	–	32,000	32,000	–
Birmingham City Council – UKSPF PURE	–	28,707	28,707	–
Other	55,800	5,779	61,579	25,028
Total for Recovery and Employment	739,559	136,486	876,045	490,867
Birmingham City Council Day Care	52,309	17,500	69,809	19,302
The 29th May 1961 Charitable Trust	–	7,000	7,000	–
Souter Charitable Trust	–	4,000	4,000	–
The Hobson Charity	–	6,000	6,000	–
The National Lottery Community Fund	–	20,000	20,000	–
Cole Charitable Trust	–	1,500	1,500	–
CB & HH Taylor 1984 Trust	–	1,000	1,000	–
Roger and Douglas Tuner Charitable Trust	–	3,000	3,000	–
Grimmitt Trust	–	2,500	2,500	–
The Grantham Yorke	–	3,000	3,000	–
Earned Income	178,403	–	178,403	98,269
Other	–	1,739	1,739	–
Total for Social Enterprise – Better Assembly Services	230,711	67,239	297,950	117,570
Birmingham Solihull Mental Health Trust	69,046	–	69,046	99,046
Made Smarter	–	16,313	16,313	–
Goldman Sachs	–	10,000	10,000	–
The Henry Smith Charity	–	74,000	74,000	–
Earned Income	70,169	–	70,169	26,604
Other	–	1,119	1,119	–
Total for Social Enterprise – Express Signs	139,215	101,431	240,646	125,650
Total income from charitable activities	1,109,485	305,156	1,414,641	734,087

4b Income from charitable activities (prior year)

	Unrestricted activities £	Restricted activities £	2023 (12 months) Total £
European Social Fund – Disability Inclusion Pathway	195,197	–	195,197
Birmingham Solihull Mental Health Trust – Respite	–	–	–
Birmingham Solihull Mental Health Trust – Veteran	–	–	–
Birmingham City Council – Youth Promise Plus	146,364	–	146,364
Birmingham MIND –PCRN	124,277	–	124,277
Other	25,028	–	25,028
Total for Recovery and Employment	490,867	–	490,867
Birmingham City Council Day Care	19,302	–	19,302
Earned Income	98,269	–	98,269
Total for Social Enterprise– Better Assembly Services	117,570	–	117,570
Birmingham Solihull Mental Health Trust	99,046	–	99,046
Earned Income	26,604	–	26,604
Total for Social Enterprise– Express Signs	125,650	–	125,650
Total income from charitable activities	734,087	–	734,087

Birmingham Industrial Therapy Association Limited

Notes to the financial statements

For 18 months ended 30 September 2024

5a Analysis of expenditure (current year)

	Charitable activities						
	Recovery and Employment £	Social Enterprise – Better Assembly Services £	Social Enterprise – Express Signs £	Governance costs £	Support costs £	2024 (18 months) Total £	2023 (12 months) Total £
Staff costs (Note 7)	485,150	146,005	93,915	–	307,231	1,032,302	619,313
Delivery by other partners	67,868	–	–	–	–	67,868	72,111
Material	–	–	22,822	–	–	22,822	7,085
Recruitment and Training	1,669	57	482	–	6,113	8,322	7,211
Client and Participant Expenses	926	17,956	2,209	–	1,479	22,571	15,849
Staff Travel and Motor Expenses	1,360	17,230	158	–	614	19,362	12,332
Marketing, Print and Stationery	20	561	790	–	12,911	14,283	7,039
ICT and Communication	5,219	2,777	2,641	–	44,320	54,958	31,968
Consultancy and Professional Fees	–	3,500	–	–	29,855	33,355	29,314
Utilities	–	5,358	–	–	55,582	60,940	22,442
Premises Cost and Insurance	–	4,344	2,291	–	82,856	89,492	84,285
Sundry Expenses	–	–	–	–	–	–	(8,455)
Audit Fee	–	–	–	15,750	–	15,750	9,900
Bank Charges	–	11	16	–	2,120	2,148	3,052
Non Recoverable VAT	–	–	–	–	27,174	27,174	4,781
Depreciation	1,457	6,480	8,981	–	24,152	41,070	21,809
	563,670	204,281	134,306	15,750	594,408	1,512,416	940,033
Support costs	397,723	119,694	76,991	–	(594,408)	–	–
Governance costs	10,538	3,172	2,040	(15,750)	–	–	–
Total expenditure 2024	971,931	327,146	213,338	–	–	1,512,416	
Total expenditure 2023	583,034	219,803	137,196	–	–		940,033

Birmingham Industrial Therapy Association Limited

Notes to the financial statements

For 18 months ended 30 September 2024

5b Analysis of expenditure (prior year)

	Charitable activities					2023
	Recovery and Employment £	Social Enterprise – Better Assembly £	Social Enterprise – Express Signs £	Governance costs £	Support costs £	(12 months) Total £
Staff costs (Note 7)	237,965	85,933	53,752	–	241,663	619,313
Delivery by other partners	72,111	–	–	–	–	72,111
Material	969	99	6,017	–	–	7,085
Recruitment and Training	991	96	–	–	6,124	7,211
Client and Participant Expenses	–	14,940	819	–	90	15,849
Staff Travel and Motor Expenses	1,081	10,015	240	–	996	12,332
Marketing, Print and Stationery	299	308	1,073	–	5,359	7,039
ICT and Communication	2,038	792	1,749	–	27,389	31,968
Consultancy and Professional Fees	–	892	4,870	–	23,551	29,314
Utilities	–	–	–	–	22,442	22,442
Premises Cost and Insurance	–	8,689	14,500	–	61,096	84,285
Sundry Expenses	9	(144)	(4,757)	–	(3,562)	(8,455)
Audit Fee	–	–	–	9,900	–	9,900
Bank Charges	–	–	–	–	3,052	3,052
Non Recoverable VAT	–	–	–	–	4,781	4,781
Depreciation	6,977	4,077	69	–	10,686	21,809
	322,438	125,697	78,333	9,900	403,665	940,033
Support costs	254,358	91,853	57,455	–	(403,665)	–
Governance costs	6,238	2,253	1,409	(9,900)	–	–
Total expenditure 2023	583,034	219,803	137,197	–	–	940,033

Notes to the financial statements

For 18 months ended 30 September 2024

6 Net income / (expenditure)

This is stated after charging:

	2024 (18 months) £	2023 (12 months) £
Depreciation	41,070	21,809
Operating lease rentals:		
Other	17,579	32,566
Auditors' remuneration (excluding VAT):		
Audit fees prior year under-provision	1,000	
Audit fees (current year)	14,750	
Total Audit Fees	<u>15,750</u>	<u>9,900</u>

7 Analysis of staff costs, trustee remuneration and expenses, and the cost of key management personnel

Staff costs were as follows:

	2024 (18 months) £	2023 (12 months) £
Salaries and wages	903,024	522,342
Social security costs	72,626	44,104
Other Staff Costs	39,236	43,180
Employer's contribution to defined contribution pension schemes	17,416	9,688
	<u>1,032,302</u>	<u>619,313</u>

The total employee benefits (including employer's pension contributions and employer's national insurance) of the key management personnel were £85,436 (2023: £57,256).

The charity trustees were not paid or received any other benefits from employment with the charity in the year 2024: £nil (2023: £nil). No charity trustee received payment for professional or other services supplied to the charity (2023: £nil). No trustees' expenses were paid in 2024 and 2023.

8 Staff numbers

The average number of employees (head count based on number of staff employed) during the period 2024 was as follows:

	2024 (18 months) No.	2023 (12 months) No.
Recovery & Employment	16.3	7.1
Social Enterprise– Better Assembly Services	6.0	5.0
Support	6.0	7.3
	<u>28.3</u>	<u>19.3</u>

9 Related party transactions

During the year, a forklift was loaned by TRANSLift Bendi Ltd for use in the normal course of the charity's business. There are no donations from related parties which are outside the normal course of business and no restricted donations from related parties. David Tucker is a Director of TRANSLift Bendi Ltd.

Martin Commander, Vice Chair Board of Trustees is a paid consultant to Birmingham Solihull Mental Health Trust (BSMHFT). During the year the charity received income of £69,046.10 (2023: £110,180) from BSMHFT which was provided on an arms length basis.

10 Taxation

The charitable company is exempt from corporation tax as all its income is charitable and is applied for charitable purposes.

Notes to the financial statements

For 18 months ended 30 September 2024

11	Tangible fixed assets	Freehold property £	Plant, fixtures and fittings £	Computer equipment £	Total £
	Cost				
	At the start of the year	319,120	258,183	110,749	688,052
	Additions in year	–	2,255	48,145	50,400
	Disposals in year	–	–	–	–
	At the end of the year	<u>319,120</u>	<u>260,438</u>	<u>158,894</u>	<u>738,452</u>
	Depreciation				
	At the start of the year	175,121	218,502	95,248	488,872
	Charge for the year	10,386	13,899	16,784	41,070
	Eliminated on disposal	–	–	–	–
	At the end of the year	<u>185,508</u>	<u>232,401</u>	<u>112,032</u>	<u>529,942</u>
	Net book value				
	At the end of the year	<u>133,612</u>	<u>28,037</u>	<u>46,862</u>	<u>208,511</u>
	At the start of the year	<u>143,999</u>	<u>39,681</u>	<u>15,501</u>	<u>199,181</u>

Land with a value of £36,625 (2023: £36,625) is included within freehold property and not depreciated.

All of the above assets are used for charitable purposes.

12	Stock	2024 (18 months) £	2023 (12 months) £
	Finished goods	<u>6,505</u>	<u>5,466</u>

13	Debtors	2024 £	2023 £
	Trade debtors	59,627	50,892
	Prepayments	24,771	12,946
	Accrued income	<u>102,247</u>	<u>117,243</u>
		<u>186,645</u>	<u>181,081</u>

All of the charity's financial instruments, both assets and liabilities, are measured at amortised cost. The carrying values of these are shown above and also in note 14 below.

14	Creditors: amounts falling due within one year	2024 (18 months) £	2023 (12 months) £
	Bank loans	10,000	10,000
	Trade creditors	22,533	134,218
	Taxation and social security	22,075	9,688
	Accruals	12,805	40,427
	Deferred income (note 15)	<u>18,810</u>	<u>–</u>
		<u>86,223</u>	<u>194,333</u>

Notes to the financial statements

For 18 months ended 30 September 2024

15 Deferred income

Deferred income comprises participant costs received in advance.

	2024 (18 months) £	2023 (12 months) £
Balance at the beginning of the year	–	12,554
Additions within the year	18,810	17,500
Amount released to income in the year		(30,054)
	<u>18,810</u>	<u>–</u>

16 Creditors: amounts falling due after one year

	2024 (18 months) £	2023 (12 months) £
Bank loans	<u>15,000</u>	<u>30,000</u>

The Bounce Bank Loan balance as at 30 September 2024 £25,000 (2023: £40,000) is unsecured. The terms of the loan are 72 months with an interest rate of 2.5%. The UK Government funded the interest payment for the first 12 months through the Business Interruption Payment (BIP) £1,250 and the monthly loan repayments commenced April 2022.

17 Pension Scheme

The charity offers an auto-enrolment into the NEST pension scheme. Contributions are expensed as they become payable. At the end of the year the liability of the NEST pension scheme was £3,749 (2023: £2,001).

18a Analysis of net assets between funds (current year) – 18 months

	General unrestricted £	Designated £	Restricted £	Total funds £
Tangible fixed assets	–	157,948	50,563	208,511
Net current assets	155,694	–	29,294	184,989
Long term liabilities	(15,000)	–	–	(15,000)
Net assets at 31 March 2024	<u>140,694</u>	<u>157,948</u>	<u>79,857</u>	<u>378,500</u>

18b Analysis of net assets between funds (prior year) – 12 months

	General unrestricted £	Designated £	Restricted £	Total funds £
Tangible fixed assets	–	173,471	25,710	199,181
Net current assets	135,521	–	12,818	148,338
Long term liabilities	(30,000)	–	–	(30,000)
Net assets at 31 March 2023	<u>105,521</u>	<u>173,471</u>	<u>38,527</u>	<u>317,519</u>

Notes to the financial statements

For 18 months ended 30 September 2024

19a Movements in funds (current year) – 18 months

	At 1 April 2023 £	Income £	Expenditure £	Transfers £	At 30 September 2024 £
Restricted funds					
Restricted capital funds:					
Freehold Property	20,619	–	(4,030)	–	16,589
ERDF Catalysts Enterprises Grant	5,091	–	(995)	–	4,096
The Greater Birmingham & Solihul – Clean Growth Grant	–	8,637	(1,688)	–	6,949
Made Smarter	–	16,313	(2,246)	–	14,067
Goldman Sachs	–	10,000	(1,138)	–	8,862
Total restricted capital funds	25,710	34,949	(10,097)	–	50,563
Restricted revenue funds:					
The Rowlands Trust	1,317	–	–	–	1,317
Radcliffe Trust Grant	3,876	–	(3,876)	–	–
Birmingham City Council	7,625	17,500	(25,125)	–	–
Birmingham City Council	–	70,000	(55,951)	–	14,049
Birmingham City Council	–	32,000	(32,000)	–	–
Birmingham City Council	–	28,707	(28,707)	–	–
The Henry Smith Charity	–	74,000	(70,822)	–	3,178
The 29th May 1961 Charitable Trust	–	7,000	(7,000)	–	–
Souter Charitable Trust	–	4,000	(4,000)	–	–
The Hobson Charity	–	6,000	(6,000)	–	–
The National Lottery Community Fund	–	20,000	(20,000)	–	–
Access Reach Fund	–	9,750	–	–	9,750
Cole Charitable Trust	–	1,500	(1,500)	–	–
CB & HH Taylor 1984 Trust	–	1,000	(1,000)	–	–
Roger and Douglas Tuner Charitable Trust	–	3,000	(3,000)	–	–
Grimmitt Trust	–	2,500	(2,500)	–	–
First Give – North Birmingham Academy	–	1,000	–	–	1,000
The Grantham Yorke	–	3,000	(3,000)	–	–
Total restricted revenue funds	12,817	280,957	(264,480)	–	29,294
Total restricted funds	38,528	315,906	(274,577)	–	79,857
Unrestricted funds:					
Designated funds:					
Tangible Fixed Assets Funds	173,471	–	(30,917)	15,394	157,948
Future Investment for Social Enterprises	–	–	–	–	–
Premises Improvement Fund	–	–	–	–	–
Total designated funds	173,471	–	(30,917)	15,394	157,948
General funds	105,519	1,257,491	(1,206,922)	(15,394)	140,694
Total unrestricted funds	278,991	1,257,491	(1,237,838)	–	298,643
Total funds at 30 September 2024	317,517	1,573,397	(1,512,416)	–	378,500

Notes to the financial statements

For 18 months ended 30 September 2024

19b	Movements in funds (prior year) – 12 months				
	At 1 April 2022 £	Income £	Expenditure £	Transfers £	At 31 March 2023 £
Restricted funds:					
Freehold Property	23,219	–	(2,600)	–	20,619
ERDF Catalysts Enterprises Grant	5,733	–	(642)	–	5,091
The Rowlands Trust	2,100	–	(783)	–	1,317
Eveson Charitable Trust	4,495	–	(4,495)	–	–
Edward and Dorothy Cadbury Trust	2,000	–	(2,000)	–	–
Prince's Charities	3,000	–	(3,000)	–	0
Roger and Douglas Trust	3,000	–	(3,000)	–	–
G J W Turner Trust	3,000	–	(3,000)	–	–
CB & HH Taylor 1984	1,000	–	(1,000)	–	–
The Grimmitt Trust	2,000	–	(2,000)	–	–
Radcliffe Trust Grant	5,000	–	(1,124)	–	3,876
Warwick Masonic Trust	1,000	–	(1,000)	–	–
The Rowlands Trust	2,000	–	(2,000)	–	–
National Lottery Fund	9,448	–	(9,448)	–	–
Allison Hillman Charitable Trust	1,000	–	(1,000)	–	–
William A. Cadbury Trust	15,000	–	(15,000)	–	0
Resonance Grant	34,000	–	(34,000)	–	–
The Foundation for Social Investment	–	27,436	(27,436)	–	–
Birmingham City Council	–	17,500	(9,876)	–	7,625
Other Small Restricted Grants	–	–	–	–	–
Total restricted funds	116,995	44,936	(123,404)	–	38,528
Unrestricted funds:					
Designated funds:					
Tangible Fixed Assets Funds	165,815	–	(18,567)	26,223	173,471
Future Investment for Social Enterprises	10,000	–	–	(10,000)	–
Premises Improvement Fund	10,000	–	–	(10,000)	–
Total designated funds	185,815	–	(18,567)	6,223	173,471
General funds	164,306	745,500	(798,063)	(6,223)	105,519
Total unrestricted funds	350,121	745,500	(816,630)	–	278,991
Total funds at 31 March 2023	467,116	790,436	(940,033)	–	317,518

Purposes of restricted funds

Freehold Property: Funding received from The Big Lottery Fund for improvement to the reception area of the Digbeth premises. Depreciation will be charged to this fund.

ERDF Catalyst Enterprise Grant: This grant was matched funded and assisted us to fund capital items and some salary for Production Assembly Services social enterprise.

The Greater Birmingham & Solihul – Clean Growth Grant: This grant helped fund the acquisition of a new replacement boiler.

Made Smarter & Goldman Sachs: These grants supported the acquisition of a Mimaki flatbet UV printer for use in Better Signage.

The Rowlands trust: This fund was donated towards a counselling service for service users in Beter Assembly Services.

Radcliffe Trust Grant: The funds were donated to fund a therapeutic carpentry programme at the Woodcraft Centre, located within better Assembly Services.

Birmingham City Council grants: These were grants towards the funding of Development Worker salary cost in Better Assembly Serviceswere. The other two grants were awarded towards the delivery of Prevention and Communities services within the Birmingham area.

Birmingham City Council UKSPF Grant: This UK Shared Prosperity Fund (UKSPF) grant was awarded to support the delivery of (intervention E33) employment support for economically inactive people.

The Henry Smith Charity: The grant was awarded to support the running costs of Better Signage.

The 29th May 1961 Charitable Trust, Souter Charitable Trust: These grants contributed to funding the costs of the Participant Support Team.

The Hobson Charity: The grant was awarded to support energy costs.

The National Lottery Community Fund: The grant contributed to the provision of hot meals for participants and supported the running costs of Better Assembly services.

Access Reach Fund: The grant was awarded to support the charity's business case consultancy work.

Cole Charitable Trust, Roger and Douglas Tuner Charitable Trust, The Grantham York, & Grimmitt Trust: These grants were awarded to support the delivery of the LIVE programme.

First Give – North Birmingham Academy: Grant awarded to enhance and strengthen the therapeutic delivery environment within the charity.

Notes to the financial statements

For 18 months ended 30 September 2024

Purpose of designated funds

Tangible Fixed Assets fund: This fund represents the net book value of fixed assets purchased through general funds. Depreciation will be charged against this fund.

20 Reconciliation of net income / (expenditure) to net cash flow from operating activities

	2024 (18 months) £	2023 (12 months) £
Net income / (expenditure) for the reporting period (as per the statement of financial activities)	60,981	(149,596)
Depreciation charges	41,070	21,809
Bank interest	(1,721)	(46)
Bad debts	–	4,900
(Increase) in stocks	(1,039)	–
(Increase)/Decrease in debtors	(5,564)	144,425
Increase/(Decrease) in creditors – excluding bank loan	(108,110)	5,669
Net cash (provided by) / used in operating activities	(14,384)	22,259

21 Operating lease commitments

The charity's total future minimum lease payments under non-cancellable operating leases is as follows:

	Equipment 2024 (18 months) £	2023 (12 months) £
Less than one year	7,952	11,069
One to five years	9,627	21,498
	17,579	32,566

22 Legal status of the charity

The charity is a company limited by guarantee and has no share capital. The liability of each member in the event of winding up is limited to £1.

BIRMINGHAM INDUSTRIAL THERAPY ASSOCIATION LIMITED

England & Wales - Charity number 244866

Accounts

Company number: 748773
Charity Number: 244866

Birmingham Industrial Therapy Association Limited

Operating as Better Pathways

Report and financial statements
For the year ended 31 March 2023



Contents

For the year ended 31 March 2023

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Birmingham Industrial Therapy Association Limited

Reference and administrative information

For the year ended 31 March 2023

Company number 748773
Country of incorporation United Kingdom

Charity number 244866
Country of registration England & Wales

Operating Name Better Pathways

Registered office and operational address 201–206 Alcester Street
Birmingham
B12 0NQ

Trustees Trustees, who are also directors under company law, who served during the year and up to the date of this report were as follows:

Mr David Tucker (Chair)	
Mr Ben Brittain	Resigned 12 December 2022
Dr Martin Commander	
Ms Chaitali Desai	
Ms Janine Garvie–Cole	
Mr Les A Latchman	Resigned 12 December 2022
Ms Kimara Sharpe	

Key management personnel Ms Sue Roberts Chief Executive and Company Secretary

Bankers	CAF Bank Ltd	Lloyds Bank	Unity Trust Bank
	25 Kings Hill Avenue	PO Box 100	4 Brindley Place
	Kings Hill, West Mailing	Andover	Birmingham
	ME19 4JQ	BX1 1LT	B1 2JB

Solicitor Shakespeare Martineau
Somerset House Temple Street
Birmingham
B2 5DJ

Auditor Sayer Vincent LLP
Chartered Accountants and Statutory Auditor
Invicta House
108–114 Golden Lane
London EC1Y 0TL

The trustees and Chief Executive present their report and the audited financial statements for the year ended 31 March 2023.

Reference and administrative information set out on page 1 forms part of this report. The financial statements comply with current statutory requirements, the requirements of a directors' report as required under company law, the memorandum and articles of association and the Statement of Recommended Practice – Accounting and Reporting by Charities: SORP applicable to charities preparing their accounts in accordance with FRS 102.

Our Aims

The aims of the Charity as set out in the Articles of Association are to:

- 1 help people with mental health issues and learning difficulties and disabilities to secure opportunities for volunteering, training and education and progress them towards paid employment,
- 2 provide training and education to organisations that will support them to safeguard the mental health and wellbeing of their employees and other stakeholders,
- 3 deliver support programmes through our social enterprises to grow beneficiaries' confidence, sense of self-esteem and independence to enable them to stay well and take part in activities as full members of their communities,
- 4 provide mental health and wellbeing support to NHS and Local Authority client groups to enhance their potential for recovery and independent living, and
- 5 provide support to the carers of our beneficiaries, chiefly but not limited to the respite provided to families and carers arising from the participation of beneficiaries in the charity's activities.

Our Values

Inclusivity:	we welcome without prejudice or judgement all those who want our help
Tenacity:	we strive tirelessly to do our best for those we serve
Empowerment:	we build confidence in people to help them become self-supporting
Integrity:	we are kind, honest and fair in all our dealings
Partnership:	we work together with our stakeholders to further our collective aims

Our services and support

Registered as a mental health charity on the 1st February 1963 and located in Alcester Street, Digbeth, since 1973, Better Pathways supports some of the most vulnerable people in our communities to move into paid employment, education, training and volunteering (see reference to our social enterprise LIVE Vocational Pathways programme below). We work with people with severe and enduring mental illness, with mild to moderate poor mental health, with learning

difficulties, learning disabilities and with other neurodiverse conditions. Participants come with a range of skills deficits and other support needs, for example, basic numeracy and literacy required in the workplace, with mobility problems, including poor manual dexterity, with travel anxieties, with varying intellectual capacities for basic and complex tasks and with personal circumstances impacting, for example, on familial relationships, housing, and economic wellbeing. The job of our experienced teams is to meet all needs holistically. Delivered in our social enterprises, or out in the community under contract to the statutory sector, we work with programme participants to develop their skills, general work preparedness, confidence, self-belief, and resilience to help them to achieve their vocational aspirations. The strengths-based approach we take seeks to empower participants on their journey towards an economically and socially active life, lived as independently as possible in good mental health so that they can enjoy the full range of community activities and services that others in society take for granted.

Our Social Enterprises

Better Packing: We are a valued supply chain partner, providing contract packing, assembly, and light engineering services to businesses in Birmingham, the West Midlands and beyond, supporting business partners to deliver high quality products to their customers. Our participants undertake contract packing and assembly work at the lower end of the skills spectrum, freeing up our commercial customers to do the higher-level skilled work that only they can do. We pack, label, and assemble a wide range of products including, a broad range of fixings, fixtures and fittings, healthcare products, plumbing and electrical products, vehicle parts and batteries. We unpack and repack products from bulk to small packs for retail and undertake re-work including, re-labelling, re-pricing, and flaw corrections. We work with electronics manufacturers, vehicle manufacturers, stationery suppliers and printers, distributors of health, homecare, and retail supplies, building trade manufacturers, gas and drainage component makers, hospital equipment suppliers, government, and community-oriented organisations.

Better Signage: Better Signage specialises in the design and production of interior and exterior signage, name badges, vehicle graphics, promotional banners, large format vinyl printed posters, vinyl lettering and corporate gifts. We provide engraving and printing services. We work with a range of organisations including the NHS, schools, construction companies and other businesses in Birmingham and beyond.

Better Woodwork: We produce items for sale made from reclaimed and donated timber. We are proud of our connection with the Edinburgh Napier University, whose students designed products for our people to craft based on a shared understanding of the skills, tools, and resources we have at our disposal. Our partnership with Pathcarvers' JoJo Wood, an internationally renowned spoon carver, continues. JoJo continues to support with training, new product development and the sales plan.

Our social enterprises are the vehicle through which we deliver our **Vocational Pathways Programme: Learning, Independence, Volunteering, Employment (LIVE)**. Adding significant social value to the supply chains of our commercial customers and making a long-term positive social impact on the lives of our participants, common to all pathways are the opportunities afforded by this programme for participants to make new friends and build relationships.

Pathway 1: The 12-week employment preparation pathway covers 6 stages of support, overseen by a

senior vocational specialist: co-produced person-centred support agreements, vocational skills and strengths assessment, basic skills development, personal impact awareness, external placement (if desired) and graduation with a personal resilience plan. This pathway generates £45 per day per participant.

Pathway 2: The meaningful day activities programme, an alternative for participants that would otherwise attend social care funded day centre activities, is designed to stimulate, excite, and challenge participants. The range of activities provided is designed to be undertaken in groups where participants can socialise, share thoughts, feelings, experiences, whilst engaging in their chosen activities. The activities present opportunities for participants to engage with others whilst at the same time developing practical skills, dexterity, and emotional wellbeing. Above all, we aim for participants to enjoy their day. This pathway generates £35 per day per participant.

Pathway 3: This pathway is for participants for whom employment is not a desired outcome and that do not need the support required by participants attending for meaningful day activities.

The activities coordinator is currently sitting alongside participants to ensure their aspirations are reflected in updated person-centred support plans with the aim being to encourage those with the potential to do so to move onto the vocational pathways programme. Where this does not happen, participants will participate in the supported volunteering pathway unless they are unable to fulfil the obligations of a volunteer, e.g., to participate in required induction and mandatory training. In this circumstance, they will participate in the meaningful day activities programme if they wish. This pathway is not revenue generating.

As of December 2023, there are 90 current participants across all 3 pathways of the LIVE programme.

Our Statutory sector services

- **Disability Inclusion Pathway project:** The aim of this project, which is part-funded by the European Social Fund, is to support adults furthest away from the jobs market into employment, education and training. Mobilised in July 2021, (value £1.2m), this project will end on 31st December 2023. Our employment specialists work intensively on a 1:1 basis with participants to deliver person-centred actions plans designed to achieve vocational goals. The team is networked with hundreds of organisations and groups across the city to secure, or signpost to, additional support needed by participants. The project has worked with 301 participants as of December 2023, with 72 moving into employment, education and active job searching.
- **Youth Promise Plus (YPP) Mental Health Wrap Around Support Service:** The first participant on this project, (value £506k), was referred in September 2020. The project ended on 1st October 2023. Team members worked on a 1:1 basis with young people aged 16 – 29 experiencing mental health issues to help them stay engaged on employability programmes delivered by five YPP programme providers, Change Grow Live, University Hospitals Birmingham, Birmingham Youth Service, Birmingham Careers and The Prince's Trust. Occasionally, referrals came from other sources. Over the course of this project, 148 young people were supported.
- **Primary Care Recovery Navigator Service (Mental Health Connector Service since August 2023).** We were awarded this new service in May 2022, a 3-year sub-contract to deliver a mental health support service in the community, (value £406,725). Our team of navigators (mental health connectors) is working with lead provider Birmingham Mind and a second sub-contracted partner,

the Living Well Consortium, alongside NHS colleagues to support people with poor mental health to access the services they need in the community.

- **Meaningful Day Activities** continue to be funded from direct payments allocated by Birmingham City Council's Adult Social Care team to qualifying citizens. This is a very small spot-purchase arrangement open to social workers and citizens holding their own budgets looking for alternative opportunities to mainstream day centre services. As of December 2023, there are three people being supported under this arrangement. We anticipate this growing as the profile of this offer grows into the new year.
- **Birmingham City Council, Prevention and Communities Grant, Mental Health Support with Physical Education and Activities Project:** With Sport4Life, we are jointly delivering two 3-year grant funded mental health with physical education and activities projects, aligned to community neighbourhood networks, (value £330k). This project is currently mobilising, and we anticipate formal launch in January/February 2024.

Other revenue generating activities

- We continue to look for new markets for our Vulnerability Awareness Training and were pleased to deliver a workshop for **Octopus Energy** line managers in September 2023. Revenues from this activity were **£12k**. We are exploring, with NCFE, an awarding organisation and registered educational charity providing qualifications in England, Wales and Northern Ireland, the potential or incorporating our offer within NCFE's entry level customer service training programme.
- We welcomed new tenants **MyBnk** to our offices in Digbeth in September 2022 and are delighted that they and the young people they support are enjoying their new space. MyBnk is a national charity delivering financial awareness training to vulnerable young people, with a particular focus on debt and money management. Revenues from this activity are **£20k** per annum.
- We are now renting out storage space to **528 Interiors**. Rental income will be **£3,640** per annum.

Who benefits from our services?

Our participant demographics have changed little since last year:

- All participants are attending for support to maintain good mental health and wellbeing.
- Approximately 70% have a diagnosed mental illness or poor mental health.
- Approximately 80% have a learning disability or significant difficulty.
- A number have dual diagnoses.
- Females account for 21% of our participants (2020/21: 18%).
- Participants from black and ethnic minority communities account for 40%
- Our two longest attending participants have been coming to the service for over 40+ years.
- Our oldest participant is in their 70s and our youngest in their 20s.
- Following the launch of our LIVE vocational pathways programme in June 2022, the mix of long-term/short-term, older/younger, participants will change, with more, and younger, people coming to Better Pathways for short-term work experience placements going forward.

How we help

Unemployment in people with poor mental health, learning disabilities and other neurodiverse conditions is a major public health issue and Better Pathways helps to address this, (only 1.4% of the learning disabled population known to Birmingham City Council is in paid employment: Source: *The PURE Project August 2023*, Birmingham City Council (Quoting: NHS England, *Measures from the Adult Social Care Outcomes Framework, England*)). Inactivity and social isolation adversely impact the lives of those living with these conditions and their families, and we know that our work with participants addresses the loneliness they would otherwise feel from being socially isolated (see wellbeing survey below). In addition to the 'hard' outcomes we aim to achieve through our LIVE vocational pathways programme, we offer companionship, friendship, and a sense of belonging to those coming to our charity. Our impact is further enhanced by the values driven approach to all that we do, benefiting participants on our statutory sector contracts, and the commercial businesses we work with, adding significant social value to their procurement activities and supply chains.

Participant wellbeing survey

Our 2023 annual survey, designed to help us understand the impact of our support on participants' wellbeing, happiness and confidence was answered by 38 participants (40%) and their feedback is as follows (numbers in brackets are the scores for 2022 & 2021, in that order). Some respondents are common to more than one survey, others, including participants on new pathways, responded for the first time, hence there is not a straight-line improvement rate in all scores.

92% report an increased ability to make friends and build new relationships (96%/77%)
92% report increased self-confidence (100%/68%)
100% feel supported (93%/74%)
86% have a sense of belonging when attending our services (96%/80%)
81% have increased ability and confidence to pick up new skills (93%/69%)
60% indicate improved ability to deal with problems in life (71%/51%)
97% have improved general happiness (86%/63%)
76% have positive feelings and hope for the future (89%/63%)

Thirty of our participants are living at home with families. Our support of participants provides respite for families, allowing parents and siblings free time to work during the day, to engage in their communities, to recharge their batteries and to maintain the resilience required to cope with the, often complex, needs of their family member. Family members supported number approximately 120 based on an average of 4 additional family members per participant.

Feedback from the family of KS

How does KS coming to Better Pathways help your family?

KS coming to Better Pathways is very good. I am always worrying about him. I am assured that he is safe. By coming to Better Pathways, I am happy that he is receiving support from the staff. Before coming to Better Pathways, he would stay in his room and was very isolated.

2 What have you noticed about KS as a result of him coming to Better Pathways?

Since coming to Better Pathways K is a lot fitter. He has recently got married, happily settling in and getting to know his new wife.

3 Would you say that your own mental health, or that of family members, improves with the respite you receive when KS comes to Better Pathways.

I do worry about KS mental health. He can talk to the staff when he is frustrated, who are then able to liaise back with the family if concerns are about home.

Feedback from the family of A and H

How does A and H coming to Better Pathways help your family?

They have learnt more skills, they are more approachable, HM had lost his way.

2 What have you noticed about A and H as a result of them coming to Better Pathways?

A knows what she is doing, she has grown more confident. When they have been away from home, they return with having more ideas, and they are definitely more sociable. It has been very good for their overall wellbeing.

3 Would you say that your own mental health, or that of family members, improves with the respite you receive when A and H come to Better Pathways.

I acknowledge that they are never going to enter into a paid working environment but at least at Better Pathways they are both contributing to the environment.

Feedback from the family of D

1 How does D coming to Better Pathways help your family?

Gives him something to do and he does enjoy it. When he is not at Better Pathways he is upset, when he is ill for instance. Expressing that he should be there when he's here. I am happy that he is happy.

2 What have you noticed about D as a result of him coming to Better Pathways?

Since attending Better Pathways, he has shown an interest in looking for work, in a similar environment and where I was concerned about previous bullying, he says he gets on with everyone there, everyone is treating him good.

3 Would you say that your own mental health, or that of family members, improves with the respite you receive when D comes to Better Pathways.

Definitely, because D's mental health has improved a lot.

Economic impact: the value of our social enterprise participant hours

‘In 2019 there were an estimated 208,000 volunteers working in 9,000 community businesses across England. These volunteers contributed up to an estimated 18 million hours of time and £250 millions of services in 2019. Volunteers provide a wide variety of support to community businesses. In 2019 the estimated average equivalent market hourly wage rate across this range of activities was around £13.70. This is slightly above the UK median hourly earnings rate for all occupations of £13.20 (by 3.5 per cent).’ *Power to Change Assessing the value of volunteers in Community Businesses [2020]*.

We use the Real Living Wage to calculate the value of our participant hours. As of December 2023, our 92 participants attend Better Pathways for 1,034 hours per week. Assuming a 48-week attendance year, this equates to 49,632 hours and an economic value of £517,165.

The Year: 2022/2023

As was last year, this year has again been challenging from a financial perspective. Having set a deficit budget of £98,900 we ended the year with a deficit of £149,597. The biggest contributory factors to the worsening deficit were a) the ongoing impact of the loss of the IPS contract in the previous year which we always knew would take time to recover from b) lower than budgeted revenues coming through the social enterprises as a consequence of the pandemic on customers and a general downturn in demand for their, and therefore our, services, (£42k under-budget), c) a failure to achieve budgeted income through donations and legacies (£24k under-budget) and d) unplanned expenditure on buildings maintenance, (£37k over-budget).

However, we are seeing a positive impact from the considerable efforts spent building new partnerships and a pipeline for growth through 2022/2023 and into 2023/2024 as set out elsewhere in this report and in the Financial Results below.

Plan Progress 2022/2023

We are pleased to report the following progress against the priorities set out in our Annual Report for the year ended March 2021:

We will agree plans for the development of our building, either to improve our space and stay in Digbeth, or to sell and move elsewhere.

- We have decided not to sell and move but to stay and improve our building. We have produced Stage 2 design drawings for a new roof, mezzanine floor and entrance and are grateful to the following organisations for their support, on a pro bono basis, to get this done: **Webb Yates** (Buildings Surveyor), **Roberts Limbrick** (Architect), **WT Partnership** (Quantity Surveyor), and **The Engineering Practice** (M&E works). First draft scheme costs are looking to be in the order of £1.9m and we are meeting with developers and other potential funders to explore donations in kind and fundraising schemes.
- We have completed the extension to our woodwork workshop and will continue to work on product development and supporting more participants in this service.

We will generate income from sharing our space.

We are delighted to report the success of the MyBnk tenancy and the agreement of a new space rental agreement with 528 Interiors. Taken together, these arrangements will generate £23,640 per annum in rental revenues. We are currently negotiating an agreement with a fledging new catering start up, Toko Street Food Service, to rent our professional standard on-site kitchen. Initially, in lieu of rent, our participants will be provided with hot food. Over time, as Toko's revenues grow, we anticipate a profit share agreement.

We will modernise our social enterprise pathways of care to ensure we maximise social impact for participants:

We continue to embed the new LIVE Vocational Pathways Programme. Accepting its first participants in August/September 2022, as at the end of October 2023:

- 67 referrals were received
- 12 participants had completed the 12-week employment preparation pathway (at June n=6):
 - ✓ 3 started employment and continue also to volunteer at Better Pathways
 - ✓ 2 went on to volunteer in a retail shop
 - ✓ 3 have accessed health services
 - ✓ 4 have stayed with Better Pathways on the meaningful day activities pathway
 - ✓ 8 are volunteering at Better Pathways and continue to work with the team on their longer-term goals

We are expanding the support we offer through our social enterprises:

SEND school and college 'taster days': Working with head teachers, we are hosting regular taster days for students with their teachers to support students with enrichment activities to help them with socialisation and life skills. As of December 2023, we have hosted upwards of 40 students. For the Spring term 2024, there is a plan to host Baskerville students, generating a one-off payment of £600 for 6 sessions with 10 students per session. This is a trial and will be repeated, and hopefully expanded to other schools, if successful.

Student nurse placements: Working with Fareshare and Birmingham City University, we are hosting student nurses for placements, growing their awareness of the holistic support needs of people with the range of complexities presented by our participants. As of December 2023, we have hosted 18 student nurses for week-long placements leading to additional revenues for the charity of £50 per student nurse per week.

Job Centre Work Experience Placements: Working with local job centres, we are now offering work experience placements to job seekers furthest away from the jobs market and needing support to maintain good mental health and wellbeing. Our support is designed to help job seekers evidence their commitment to learning and work-based discipline, ultimately helping them into paid employment. This is the newest of our new initiatives and as of December 2023 we have hosted 4 job seekers. This activity will grow but it is not revenue generating.

We will pursue a robust income generation strategy:

We have undertaken a rebranding exercise, updated our messaging so that our stakeholders understand the benefits of working with and supporting us from the angle of social value, social impact added, and updated our website. Additionally, we have significantly raised our social media presence, including on LinkedIn. We have worked closely with the GBSLEP Growth Hub to explore opportunities for new partnerships and are delighted to report that an introduction by our a GBSLEP growth expert to Widney, a local manufacturing business, has resulted in significant new business in Better Packing which we anticipate being in the region of £40k – £50k a year (full year effect). Better Signage is now printing name badges for Herefordshire and Worcestershire Health and Care Trust, and a garden trug produced by our Woodwork team is featuring in the 2023 Social Enterprise UK Christmas catalogue.

Grant income in 2022/2023 is confirmed in the Financial Results section below. So far in 2023/2024 we have secured the following grants:

- Goodwill Solutions Foundation – £10k (unrestricted)
- Garfield Weston Foundation – £40k (unrestricted)
- The Eveson Trust – £40k – (Unrestricted)
- The Henry Smith Charity – £162k over 3 years (Better Signage capacity expansion)
- Birmingham City Council – £17.5k (LIVE Programme expansion)
- Goldman Sachs – £10k (contribution to costs of new printer for Better Signage)
- West Midlands Combined Authority and the Department of Business and Trade (DBT): Made Smarter West Midlands Programme – £16.3k (contribution to costs of new printer for Better Signage)
- GBSLEP Clean Growth Grant – £8.6k (contribution to costs of a new boiler)

We will establish a more systematic approach to social impact reporting

We have yet to make meaningful progress with this aim. Social impact reporting does remain a priority for the charity, and we will further develop our approach with beneficiaries, their families, our partners, and experts as capacity to undertake this project allows.

Financial results 2022/2023

Total income for the year fell by 45% from £911,275 in 2021/22 to £790,436 in 2022/23. Significant reasons for this are as follows:

- **Recovery and employment** income decreased by 4%. This reflected the net impact of the end the Respite plus and Veterans' Stabilisation Worker contracts on the 31st March 2022 and the extension of the YPP contract and the mobilisation of the new Primary Care Recovery Navigator service on 1st May 2022
- **Net trading income** for the social enterprises fell by 21%. However, income for Express Signs increased by 45%.

- **Donation and grant** income decreased by 53% which in large part was because of the departure of our fundraising manager.
- **L.I.V.E. programme** revenues increased by 168%.

Because of the above, the number of employees reduced from 23.4 (2021/22) to 19.3 (2022/23).

Fundraising and Donations

For the year 2022/23 we raised £51,186 from grant giving trusts/foundations and £5,117 in public donations (2021/22: £114,440 and £4,627 respectively). We are grateful to the funders who have responded so positively to our bids for support, and we are pleased to acknowledge them later in this report.

We are grateful to the following organisations and for their generous grants and donations in 2022/23. These funds have helped us to deliver our activities for the benefit of our service users:

Birmingham City Council – £17.5k

Access, The Foundation for Social Investment's Enterprise Development Programme – £27.4k

Edward Gosling Foundation – £5k

UK Government Department for Business and Trade £50k bounce back loan: Year 1 interest donation – £1.2k

Misc Just Giving donations – £2.9k

We were immensely saddened at the sudden passing of Simon Lawrence, our Chair of Trustees until December 2021. Mourners at Simon's funeral were invited to donate to Better Pathways in lieu of sending flowers. We were honoured to receive donations totalling £2.2k over the months following Simon's funeral. Simon's widow, Veronica, was kind enough to set up a Just Giving Page for the charity.

We are registered with the Fundraising Regulator and can confirm we have not received any complaints in the year. Currently, our fundraising activity is geared to submitting to grant giving bodies. We have hitherto raised funds from the public via JustGiving and Amazon Smile. We have recently moved to the Enthuse platform. We do not raise donations through door-to-door canvassing, but were we ever to do so, we would ensure that we have policies and procedures in place to identify and protect people in situations of vulnerability.

Principal funding sources

In respect of our statutory sector contracts our principal sources of funding are:

- European Social Fund for the Disability Inclusion Pathway
- Birmingham City Council for the Youth Promise Plus Mental Health Wrap Around Support Service
- Birmingham and Solihull Mental Health Foundation Trust (BSMHFT) via Birmingham Mind as the lead provider: Neighbourhood Mental Health Connector Service

Plans for 2023/2024

Our social enterprise LIVE Vocational Pathways programme will be further embedded:

- Better Signage moved from Solihull in January 2023 to join our other enterprises in Digbeth and there will be a major focus on training more participants in signage production and printing skills.
- The new arrangement with Toko Food Services, and the completion of our kitchen refurbishment, will enable us to establish a food hygiene, food preparation, training offer as part of our LIVE 12-week employment preparation pathway.
- We will progress discussions with Serco and the Shaw Trust about supporting their participants on our LIVE vocational pathways programme.
- We will make progress with plans to open a charity shop at our site in Digbeth, for its income generating potential, and to provide opportunities for extending our work experience offer and to raise our profile with the public, whom we will invite to collect their purchased woodcraft and other items.
- We will work with NCFE to develop an accredited Better Pathways branded training programme to enhance the standing of our LIVE 12-week employment preparation pathway.
- We will make progress with our beneficiaries and their families to strengthen our approach to impact measurement. The planned introduction of a new activity recording system, Tacklit, will make this easier to achieve.

We will explore all avenues for income generation

- We will continue to look for statutory sector contract opportunities, including as sub-contractors to larger organisations where our values align. We have produced a report for commissioners setting out the impacts and outcomes for young people supported by our YPP mental health wrap around support team and we will explore the potential for this model to add value in other contexts and settings. We will continue to liaise closely with local authority commissioners on plans to commission Shared Prosperity Funded projects to replace those currently funded with ESF monies.
- We will progress discussions with a national construction company for the provision of signage services linked to a major new development opposite our site in Digbeth.
- We will continue to seek corporate partnerships such as charity of the year agreements.
- We will continue to submit bids to grant funding bodies, building on our successes so far in 2023/2024, looking for support for core costs wherever we can.
- We will progress discussions with NCFE about the potential for our vulnerability awareness training to form part of NCFE's customer service modules.

We will improve our building for the benefit of beneficiaries and to grow our business

- We will make progress with improvements to our participant restroom facilities.
- We will discuss with the developer/construction company of the site opposite our building, the potential to receive their support for the building of our new roof, mezzanine floor and front entrance.
- We will launch a 'Raise the Roof' crowdfunding campaign, to raise the balance of funds needed after donations 'in kind' are secured.
- We will continue to repair our roof in the meantime, making it watertight until a new roof is in place.

Principal risks and mitigations

The Charity's principal risks:

- 1. A failure to maintain current customers and to grow the customer base in our social enterprises, will undermine their viability.**
 - We have reshaped roles in the senior leadership team. There is now a senior leader dedicated to leadership of the social enterprises and the new arrangement will allow the CEO to focus more significantly on externally facing activities to grow the charity's profile, partnerships and income generating opportunities.
 - The Senior Leadership Team is collectively building networks to maximise new business opportunities.
 - We are grateful for the support we continue to receive from 'ambassadors' who are informing our approach to achieving the growth we need for future sustainability, identifying potential new customers and making helpful introductions.
 - We have worked with branding and marketing experts to clarify our messaging and to update our branding and website. We will continue to grow our marketing activities to build on our recent LinkedIn campaigns.
 - We have undertaken a review of our pricing methodology and will take a more structured approach to applying annual price increases for our social enterprise activities.
 - We will continue to work with Pathcarvers, a local social enterprise, to develop our Woodcraft offer.
- 2. A failure to maintain a portfolio of statutory sector contracts will have a significant impact on the Charity's financial position, reducing the contribution to overheads and margin.**
 - We continue to seek out opportunities to bid for new contracts and to partner with other potential bidders.
 - We are in discussions about providing a 3-month PURE employability project from January – March 2024 in anticipation of having an opportunity to express an interest in a Shared Prosperity Funded project from 1st April 2024 (this will be a one year only project).
 - Discussions about our mental health wrap around support model will be progressed with commissioners.
- 3. A failure sufficiently to grow revenues/income from all sources, including from grant giving bodies, quickly enough, will lead to a depletion of reserves and to a drop in cash such as to put at risk the charity's ability to deliver its activities and maintain its 'going concern' status.**
 - We own our building and will develop a contingency plan to raise funds against the building should that be necessary.

Reserves policy and statement of going concern

The trustees' policy is to maintain 90 days' expenditure in general reserves to provide working capital for unforeseen reductions in cash flow. As of November 2023, there are reserves to cover 69 days of operation. The forecast for March 2024 is 87 days.

On 31 March 2023, Better Pathways had total funds of £317,519 to carry forward. These funds were made up as follows:

- £105,520 – General Reserves
- £38,528 – Restricted Funds
- £173,471 – Designated Funds

The designated funds largely relate to the tangible fixed asset fund so do not form part of our calculation of general reserves. This fund represents the net book value of fixed assets purchased through general funds and depreciation is charged against this fund.

The general reserves on 31 March 2023 amounted to 42 days' expenditure, down from 60 days in March 2022. However, on 30 November 2023, the position is much improved. General reserves are £163,437 translating to 69 days' expenditure.

A cash flow forecast covering January 2024 – January 2025 shows month on month cash positions varying from highs of £177k (February 2024) and £155K (April 2024) to a low of £57k (November 2024) before improving to £71k (January 2025). Trustees are required to look ahead 12 months from the date of signing of the accounts and, on the basis of the 12 month cash flow forecast and by approving these accounts, Trustees and the Chief Executive are happy that Better Pathways remains a going concern.

Current Cash Position

At the end of November 2023, the charity's cash position is £174k, an improvement on the £156k cash position at the end of March 2023.

General Reserves

We continue to grow the activities and income streams of the charity.

We are better managing our working capital, getting cash in more quickly.

We are compiling a business case to present to a bank for funds which we will raise against the value of our building, which we own. This will be our fallback position should we find ourselves at risk of dangerously low cash.

Restricted Funds

We have and will continue to implement restricted fund projects, significantly reducing the restricted funds balance of £38k (of which 67% is for capital assets against which depreciation is being charged) by March 2023.

Designated Funds

After the year end, Future Investment for Social Enterprise and Premises Improvement funds totalling £20k, have been reallocated to the General fund. This is because there had been expenditure on items out of general funds that were a legitimate call on these designated funds.

Accreditations

- We continue to meet the requirements of the Investors in People standard, the MATRIX standards, and Disability Confident Accreditation.
- The charity is still an accredited Living Wage Employer after the year end.

Structure, governance and management

The organisation is a charitable company limited by guarantee, incorporated in England and Wales in September 1965, and registered as a Charity on 1st February 1963.

The company was established under a memorandum of association, which established the objects and powers of the charitable company and is governed under its articles of association. All trustees give their time voluntarily and receive no benefits from the Charity. The trustees have not claimed any expenses from the Charity during the year.

Trustees are elected at the annual general meeting and nominations for additional trustees may be made by Board members. All directors serve in an honorary capacity and are the trustees of the Charity. There is a rotational process in place with trustees retiring from the board each year; however, these trustees can offer themselves for re-election should they wish to do so. We aim to ensure that the Board is diverse in terms of age, gender and ethnicity and possess the skills required to direct the organisation.

At no time during the year did any trustee have an interest in a contract entered into by the Association in relation to the activities of the Association other than their involvement as employees of Mental Health Trusts. No remuneration or other benefits have been paid or are payable to any trustee of the Association either directly or indirectly from the funds of the Association. The overall policy of the Association is set by the trustees at regular meetings of the Board. Day to day running of the Association is managed by the Chief Executive, Sue Roberts.

Appointment of trustees

We use the guidance for trustee recruitment published by the Charity Commission. Skills audits are completed, gaps are identified, and new Trustees appointed based on these gaps.

Trustee engagement

New trustees meet with the Chair and Chief Executive as part of their induction and to agree expectations with respect to Trustee engagement in the charity's business. The following is covered:

- Trustee Role and Responsibilities

Annual Report of the Trustees and Chief Executive

For the year ended 31 March 2023

- Trustee Code of Conduct, including Conflicts of Interest
- Timetable of Annual Key tasks
- Trustee Contact details
- Expenses – How to claim travel and other expenses
- Induction visits and meetings include:
 - Attendance requirements and feedback
 - Organisation background and history
 - Mental Health First Aid (2-day accredited course) if desired
 - Social Enterprise site visit

Required reading includes:

- Memorandum & Articles
- Audited Accounts and Annual Report
- Risk Register
- Strategic Plan
- Organisation Chart
- Policies and Procedures
- The Essential Trustee (CC3)
- Other relevant Charity Commission guidance

Related parties and relationships with other organisations

No formal relationships exist between the Association and any related parties and there are no subsidiary undertakings. The Association cooperates with other charities in the pursuit of its charitable objectives.

Remuneration policy for key management personnel

The Chair conducts the annual appraisal of the Chief Executive and agrees her salary, which is benchmarked against comparable organisations in the not-for-profit sector. The salary is endorsed by all members of the Board.

Policy for employment of disabled persons

The Association has an Equality and Diversity policy which commits the Association to examine its selection and appointment process, personnel procedures, and training provisions to ensure the elimination of direct or indirect discrimination and the provision of equality of opportunity for the protected characteristics contained with the Equality Act 2010. There are regular reviews to maintain good employment practices and those engaged in the selection process will be made aware of the Equality and Diversity Policy, the Acts, and their personal liability to law.

Employee information

The Association aims to provide employees with as much information as possible on matters of concern to them as employees. Responsibility for doing this rests with the Senior Leadership Team.

Funds held as custodian trustee on behalf of others

No funds are held by the Association as custodian trustee on behalf of others.

Statement of responsibilities of the trustees

The trustees (who are also directors of Birmingham Industrial Therapy Association Ltd for the purposes of company law) are responsible for preparing the trustees' annual report including the strategic report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the charitable company, and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the trustees are required to:

- Select suitable accounting policies and then apply them consistently.
- Observe the methods and principles in the Charities SORP.
- Make judgements and estimates that are reasonable and prudent.
- State whether applicable UK Accounting Standards and statements of recommended practice have been followed, subject to any material departures disclosed and explained in the financial statements.
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for

Birmingham Industrial Therapy Association Limited

Annual Report of the Trustees and Chief Executive

For the year ended 31 March 2023

safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as, the trustees are aware:

- There is no relevant audit information of which the charitable company's auditor is unaware.
- The trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Trustees are appointed at the AGM which is attended by the charity's trustees. There were 6 trustees in the year 21/2022 (20/2021:11).

The trustees' annual report has been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The trustees' annual report has been approved by the trustees on **12 January 2023** and signed on their behalf by

David Tucker, Chair of Trustees

Sue Roberts, Chief Executive Officer

Independent auditor's report

To the members of

Birmingham Industrial Therapy Association Limited

Opinion

We have audited the financial statements of Birmingham Industrial Therapy Association Limited (the 'charitable company') for the year ended 31 March 2023 which comprise the statement of financial activities, balance sheet, statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- Give a true and fair view of the state of the charitable company's affairs as of 31 March 2023 and of its incoming resources and application of resources, including its income and expenditure for the year then ended
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- Have been prepared in accordance with the requirements of the Companies Act 2006

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' 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 Birmingham Industrial Therapy Association Limited'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 trustees with respect to going concern are described in the relevant sections of this report.

Independent auditor's report

To the members of

Birmingham Industrial Therapy Association Limited

Other Information

The other information comprises the information included in the trustees' annual report other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- The information given in the trustees' annual report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The trustees' annual 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 charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' annual 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 trustees' 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 trustees' annual report and from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities set out in the trustees' annual report, the trustees (who are also the directors of the charitable company for the purposes of

Independent auditor's report

To the members of

Birmingham Industrial Therapy Association Limited

company law) 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 trustees 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 trustees are responsible for assessing the charitable 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 trustees either intend to liquidate the charitable 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 are set out below.

Capability of the audit in detecting irregularities

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

- We enquired of management, and the finance committee, which included obtaining and reviewing supporting documentation, concerning the charity's policies and procedures relating to:
- Identifying, evaluating, and complying with laws and regulations and whether they were aware of any instances of non-compliance;
- Detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected, or alleged fraud;
- The internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- We inspected the minutes of meetings of those charged with governance.
- We obtained an understanding of the legal and regulatory framework that the charity operates in, focusing on those laws and regulations that had a material effect on the financial statements or that had a fundamental effect on the operations of the charity from our professional and sector experience.

Independent auditor's report

To the members of

Birmingham Industrial Therapy Association Limited

- We communicated applicable laws and regulations throughout the audit team and remained alert to any indications of non-compliance throughout the audit.
- We reviewed any reports made to regulators.
- We reviewed the financial statement disclosures and tested these to supporting documentation to assess compliance with applicable laws and regulations.
- We performed analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments, assessed whether the judgements made in making accounting estimates are indicative of a potential bias and tested significant transactions that are unusual or those outside the normal course of business.

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 is available 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 charitable 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 charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Fleur Holden (Senior statutory auditor)

DATE: 12th January 2024

for and on behalf of Sayer Vincent LLP, Statutory Auditor

Invicta House, 108-114 Golden Lane, LONDON, EC1Y 0TL

Birmingham Industrial Therapy Association Limited

Statement of financial activities (incorporating an income and expenditure account)

For the year ended 31 March 2023

		Unrestricted £	Restricted £	2023 Total £	2022 Total £
	Note				
Income from:					
Donations and grants	3	11,367	44,936	56,303	119,067
Charitable activities					
Recovery and Employment	4	490,867	–	490,867	512,741
Social Enterprise – Better Assembly Services	4	117,570	–	117,570	131,984
Social Enterprise – Express Signs	4	125,650	–	125,650	147,399
Bank Interest		46	–	46	84
Total income		<u>745,500</u>	<u>44,936</u>	<u>790,436</u>	<u>911,275</u>
Expenditure on:					
Charitable activities					
Recovery and Employment	5	583,034	–	583,034	721,402
Social Enterprise – Better Assembly Services	5	123,835	95,968	219,803	203,967
Social Enterprise – Express Signs	5	109,760	27,436	137,196	108,968
Total expenditure		<u>816,629</u>	<u>123,404</u>	<u>940,033</u>	<u>1,034,336</u>
Net movement in funds (being net expenditure in the year)	19	(71,129)	(78,468)	(149,597)	(123,062)
Reconciliation of funds:					
Total funds brought forward		350,121	116,994	467,115	590,177
Total funds carried forward		<u>278,992</u>	<u>38,527</u>	<u>317,519</u>	<u>467,115</u>

All of the above results are derived from continuing activities, except where shown. There were no other recognised gains or losses other than those stated above. Movements in funds are disclosed in Note 20 to the financial statements.

Birmingham Industrial Therapy Association Limited

Balance sheet As at 31 March 2023

	Note	£	2023 £	£	2022 £
Fixed assets:					
Tangible assets	11		<u>199,181</u>		<u>194,766</u>
			199,181		194,766
Current assets:					
Stock	12	5,466		5,466	
Debtors	13	181,081		325,506	
Cash at bank and in hand		<u>156,123</u>		<u>170,042</u>	
		342,670		501,014	
Liabilities:					
Creditors: amounts falling due within one year	14	<u>194,333</u>		<u>178,664</u>	
Net current assets			<u>148,337</u>		<u>322,350</u>
Total assets less current liabilities			347,518		517,116
Creditors: amounts falling due after one year	16		(30,000)		(50,000)
Total net assets			<u>317,519</u>		<u>467,115</u>
The funds of the charity:	19				
Restricted income funds			38,527		116,994
Unrestricted income funds:					
Designated funds		173,471		185,815	
General funds		<u>105,520</u>		<u>164,306</u>	
Total unrestricted funds			278,992		350,121
Total charity funds			<u>317,519</u>		<u>467,115</u>

Approved by the trustees on 12 January 2024 and signed on their behalf by

David Tucker
Chair

Birmingham Industrial Therapy Association Limited

Statement of cash flows

For the year ended 31 March 2023

	Note	2023 £	2022 £
Cash flows from operating activities			
Net cash used in operating activities	21	22,259	(264,335)
Cash flows from investing activities:			
Interest received		46	84
Purchase of fixed assets		<u>(26,223)</u>	<u>(738)</u>
Net cash used in investing activities		<u>(26,177)</u>	<u>(654)</u>
Cash flows from financing activities:			
Repayment of borrowings		(10,000)	-
Change in cash and cash equivalents in the year		(13,918)	(264,989)
Cash and cash equivalents at the beginning of the year		170,041	435,030
Cash and cash equivalents at the end of the year		<u>156,123</u>	<u>170,041</u>

Analysis of cash and cash equivalents and of net debt

	At 1 April 2022 £	Cash flows £	At 31 March 2023 £
Cash at bank and in hand	170,041	(13,917)	156,123
Total cash and cash equivalents	<u>170,041</u>	<u>(13,917)</u>	<u>156,123</u>
Loans falling due after more than one year	(50,000)	10,000	(40,000)
Total	<u>120,041</u>	<u>(3,917)</u>	<u>116,123</u>

Notes to the financial statements

For the year ended 31 March 2023

1 Accounting policies

a) Statutory information

Birmingham Industrial Therapy Association Limited is a charitable company limited by guarantee and is incorporated in the United Kingdom. The registered office address and principal place of business is 201–206 Alcester Street, Digbeth, Birmingham, B12 0NQ.

b) Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) – (Charities SORP FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy or note.

In applying the financial reporting framework, the trustees have made a number of subjective judgements, for example in respect of significant accounting estimates. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The nature of the estimation means the actual outcomes could differ from those estimates. Any significant estimates and judgements affecting these financial statements are detailed within the relevant accounting policy below.

c) Public benefit entity

The charitable company meets the definition of a public benefit entity under FRS 102.

d) Going concern

The trustees consider that there are no material uncertainties about the charitable company's ability to continue as a going concern as explained in the trustees' annual report. The trustees do not consider that there are any sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

e) Income

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the income have been met, it is probable that the income will be received and that the amount can be measured reliably.

Income from government and other grants, whether 'capital' grants or 'revenue' grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

Income received in advance of the provision of a specified service is deferred until the criteria for income recognition are met.

f) Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

g) Fund accounting

Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure which meets these criteria is charged to the fund.

Unrestricted funds are donations and other incoming resources received or generated for the charitable purposes.

Designated funds are unrestricted funds earmarked by the trustees for particular purposes.

h) Expenditure and irrecoverable VAT

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

- Expenditure on charitable activities includes the costs of providing education, volunteering and employment services to the service users undertaken to further the purposes of the charity and their associated support costs
- Other expenditure represents those items not falling into any other heading

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

i) Allocation of support costs

Resources expended are allocated to the particular activity where the cost relates directly to that activity. However, the cost of overall direction and administration of each activity, comprising the salary and overhead costs of the central function, is apportioned on the following basis which are an estimate, based on staff time, of the amount attributable to each activity. Where information about the aims, objectives and projects of the charity is provided to potential beneficiaries, the costs associated with this publicity are allocated to charitable expenditure. Where such information about the aims, objectives and projects of the charity is also provided to potential donors, activity costs are apportioned between fundraising and charitable activities on the basis of staff time by each activity.

- | | |
|--|-----|
| • Recovery and Employment | 63% |
| • Social Enterprise – Better Assembly Services | 23% |
| • Social Enterprise – Express Signs | 14% |

Notes to the financial statements

For the year ended 31 March 2023

1 Accounting policies (continued)

j) Operating leases

Rental charges are charged on a straight line basis over the term of the lease.

k) Tangible fixed assets

Items of equipment are capitalised where the purchase price exceeds £250. Depreciation costs are allocated to activities on the basis of the use of the related assets in those activities. Assets are reviewed for impairment if circumstances indicate their carrying value may exceed their net realisable value and value in use.

Depreciation is provided at rates calculated to write down the cost of each asset to its estimated residual value over its expected useful life. The depreciation rates in use are as follows:

● Freehold Building	50 years
● Motor Vehicles, Computer Equipment	4 years
● Plant, Fixture and Fittings	10 years

l) Stocks

Stocks are stated at the lower of cost and net realisable value. In general, cost is determined on a first in first out basis and includes transport and handling costs. Net realisable value is the price at which stocks can be sold in the normal course of business after allowing for the costs of realisation. Provision is made where necessary for obsolete, slow moving and defective stocks. Donated items of stock, held for distribution or resale, are recognised at fair value which is the amount the charity would have been willing to pay for the items on the open market.

m) Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

n) Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

o) Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

p) Financial Instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

q) Pensions

The charity has a NEST pension scheme to offer all employees. The charity is contributing a minimum employer contribution percentage into the scheme set by the Pension Regulator.

2 Detailed comparatives for the statement of financial activities (prior year)

	Unrestricted activities £	Restricted activities £	2022 Total £
Income from:			
Donations and grants	24,627	94,440	119,067
Charitable activities:			
Recovery and Employment	512,741	–	512,741
Social Enterprise – Better Assembly Services	131,984	–	131,984
Social Enterprise – Express Signs	147,399	–	147,399
Bank interest	84	–	84
Total income	816,835	94,440	911,275
Expenditure on:			
Charitable activities:			
Recovery and Employment	721,402	–	721,402
Social Enterprise – Better Assembly Services	193,328	10,638	203,966
Social Enterprise – Express Signs	108,968	–	108,968
Total expenditure	1,023,698	10,638	1,034,336
Net (expenditure) / income for the year	(206,863)	83,802	(123,062)

Notes to the financial statements

For the year ended 31 March 2023

3 Income from donations

	Unrestricted £	Restricted £	2023 Total £	Unrestricted £	Restricted £	2022 Total £
Grants received	6,250	44,936	51,186	20,000	94,440	114,440
Donations	5,117	-	5,117	4,627	-	4,627
	<u>11,367</u>	<u>44,936</u>	<u>56,303</u>	<u>24,627</u>	<u>94,440</u>	<u>119,067</u>

4a Income from charitable activities (current year)

	Unrestricted activities £	Restricted activities £	2023 Total £	2022 Total £
European Social Fund – Disability Inclusion Pathway	195,197	-	195,197	119,850
Birmingham Solihull Mental Health Trust – Respite	-	-	-	72,000
Birmingham Solihull Mental Health Trust – Veteran	-	-	-	96,025
Birmingham City Council – Youth Promise Plus	146,364	-	146,364	170,571
Birmingham MIND –PCR N	124,277	-	124,277	-
Other	25,028	-	25,028	54,295
Total for Recovery and Employment	<u>490,867</u>	<u>-</u>	<u>490,867</u>	<u>512,741</u>
Birmingham City Council Day Care	19,302	-	19,302	7,206
Earned Income	98,269	-	98,269	124,778
Total for Social Enterprise – Better Assembly Services	<u>117,570</u>	<u>-</u>	<u>117,570</u>	<u>131,984</u>
Birmingham Solihull Mental Health Trust	99,046	-	99,046	129,046
Earned Income	26,604	-	26,604	18,353
Total for Social Enterprise – Express Signs	<u>125,650</u>	<u>-</u>	<u>125,650</u>	<u>147,399</u>
Total income from charitable activities	<u>734,087</u>	<u>-</u>	<u>734,087</u>	<u>792,124</u>

4b Income from charitable activities (prior year)

	Unrestricted activities £	Restricted activities £	2022 Total £
European Social Fund – Disability Inclusion Pathway	119,850	-	119,850
Birmingham Solihull Mental Health Trust – Respite	72,000	-	72,000
Birmingham City Cross CCG Funding	-	-	-
Grant funding for core activities	-	-	-
Other	54,295	-	54,295
Birmingham City Council– Neurodiverse	-	-	-
Prospects – Thrive into Work	-	-	-
Birmingham Solihull Mental Health Trust – Veteran	96,025	-	96,025
Birmingham City Council –Youth Promise Plus	170,571	-	170,571
Mental Health First Aid Training	-	-	-
Total for Recovery and Employment	<u>512,741</u>	<u>-</u>	<u>512,741</u>
Birmingham City Council Day Care	7,206	-	7,206
Earned Income	124,778	-	124,778
Total for Social Enterprise– Better Assembly Services	<u>131,984</u>	<u>-</u>	<u>131,984</u>
Birmingham Solihull Mental Health Trust	129,046	-	129,046
Earned Income	18,353	-	18,353
Total for Social Enterprise– Express Signs	<u>147,399</u>	<u>-</u>	<u>147,399</u>
Total income from charitable activities	<u>792,124</u>	<u>-</u>	<u>792,124</u>

Notes to the financial statements

For the year ended 31 March 2023

5a Analysis of expenditure (current year)

	Charitable activities						
	Recovery and Employment £	Social Enterprise – Better Assembly Services £	Social Enterprise – Express Signs £	Governance costs £	Support costs £	2023 Total £	2022 Total £
Staff costs (Note 7)	237,965	85,933	53,752	–	241,663	619,313	667,926
Delivery by other partners	72,111	–	–	–	–	72,111	70,076
Material	969	99	6,017	–	–	7,085	10,628
Recruitment and Training	991	96	–	–	6,124	7,211	7,746
Client and Participant Expenses	–	14,940	819	–	90	15,849	27,183
Staff Travel and Motor Expenses	1,081	10,015	240	–	996	12,332	11,647
Marketing, Print and Stationery	299	308	1,073	–	5,359	7,039	4,255
ICT and Communication	2,038	792	1,749	–	27,389	31,968	59,643
Consultancy and Professional Fees	–	892	4,870	–	23,551	29,314	34,025
Utilities	–	–	–	–	22,442	22,442	19,104
Premises Cost and Insurance	–	8,689	14,500	–	61,096	84,285	57,027
Sundry Expenses	9	(144)	(4,757)	–	(3,562)	(8,455)	8,589
Audit Fee	–	–	–	9,900	–	9,900	8,600
Bank Charges	–	–	–	–	3,052	3,052	1,059
Non Recoverable VAT	–	–	–	–	4,781	4,781	13,240
Depreciation	6,977	4,077	69	–	10,686	21,809	33,588
	322,438	125,697	78,333	9,900	403,665	940,033	1,034,336
Support costs	254,358	91,853	57,455	–	(403,665)	–	–
Governance costs	6,238	2,253	1,409	(9,900)	–	–	–
Total expenditure 2023	583,034	219,803	137,196	–	–	940,033	
Total expenditure 2022	721,402	203,967	108,968	–	–		1,034,336

5b Analysis of expenditure (prior year)

	Charitable activities						
	Recovery and Employment £	Social Enterprise – Better Assembly £	Social Enterprise – Express Signs £	Governance costs £	Support costs £	2022 Total £	
Staff costs (Note 7)	309,564	79,968	42,820	–	235,574	667,926	
Delivery by other partners	70,076	–	–	–	–	70,076	
Material	–	365	10,263	–	–	10,628	
Recruitment and Training	2,565	1,766	323	–	3,093	7,747	
Client and Participant Expenses	2,008	24,321	854	–	–	27,183	
Staff Travel and Motor Expenses	2,946	7,037	–	–	1,664	11,647	
Marketing, Print and Stationery	2,689	1,133	433	–	–	4,255	
ICT and Communication	23,513	7,724	3,786	–	24,619	59,642	
Consultancy and Professional Fees	24,276	1,192	2,584	–	5,973	34,025	
Utilities	9,334	4,569	–	–	5,201	19,104	
Premises Cost and Insurance	22,173	9,266	15,548	–	10,040	57,027	
Sundry Expenses	2,379	795	–	–	5,415	8,589	
Audit Fee	–	–	–	8,600	–	8,600	
Bank Charges	518	170	83	–	288	1,059	
Non Recoverable VAT	9,636	–	–	–	3,604	13,240	
Depreciation	6,411	5,391	–	–	21,786	33,588	
	488,088	143,697	76,694	8,600	317,257	1,034,336	
Support costs	227,156	58,680	31,421	–	(317,257)	–	
Governance costs	6,158	1,591	852	(8,600)	–	–	
Total expenditure 2022	721,402	203,968	108,968	–	–	1,034,336	

Notes to the financial statements

For the year ended 31 March 2023

6 Net income / (expenditure)

This is stated after charging:

	2023 £	2022 £
Depreciation	21,809	33,588
Operating lease rentals:		
Other	32,566	14,347
Auditors' remuneration (excluding VAT):		
Audit	9,900	8,600

7 Analysis of staff costs, trustee remuneration and expenses, and the cost of key management personnel

Staff costs were as follows:

	2023 £	2022 £
Salaries and wages	522,342	562,381
Redundancy and termination costs	–	3,000
Social security costs	44,104	48,904
Other Staff Costs	43,180	42,820
Employer's contribution to defined contribution pension schemes	9,688	10,821
	<u>619,313</u>	<u>667,926</u>

In 2023 no employee was made redundant in the year (2023: £nil) (2022: 2). No redundancy and termination costs (2022: £3,000) were settled and paid.

The total employee benefits (including employer's pension contributions and employer's national insurance) of the key management personnel were £57,256 (2022: £56,992).

The charity trustees were not paid or received any other benefits from employment with the charity in the year (2023: £nil). No charity trustee received payment for professional or other services supplied to the charity (2022: £nil). No trustees' expenses were paid in 2023 and 2022.

8 Staff numbers

The average number of employees (head count based on number of staff employed) during the year was as follows:

	2023 No.	2022 No.
Recovery & Employment	7.1	12.4
Social Enterprise– Better Assembly Services	5.0	4.1
Support	7.3	6.9
	<u>19.3</u>	<u>23.4</u>

9 Related party transactions

Aggregated donations from related parties were £nil (2023: £nil). There are no donations from related parties which are outside the normal course of business and no restricted donations from related parties.

Martin Commander, Vice Chair Board of Trustees is a paid consultant to Birmingham Solihull Mental Health Trust (BSMHFT). During the year the charity received income of £110,180 (2022: £297,071) from BSMHFT which was provided on an arms length basis.

10 Taxation

The charitable company is exempt from corporation tax as all its income is charitable and is applied for charitable purposes.

Notes to the financial statements

For the year ended 31 March 2023

11 Tangible fixed assets

	Freehold property £	Plant, fixtures and fittings £	Computer equipment £	Total £
Cost				
At the start of the year	312,910	305,330	197,406	815,646
Additions in year	6,210	20,013	–	26,223
Disposals in year	–	(67,160)	(86,657)	(153,817)
At the end of the year	<u>319,120</u>	<u>258,183</u>	<u>110,749</u>	<u>688,052</u>
Depreciation				
At the start of the year	167,152	272,908	180,820	620,880
Charge for the year	7,969	12,754	1,085	21,809
Eliminated on disposal	–	(67,160)	(86,657)	(153,817)
At the end of the year	<u>175,121</u>	<u>218,502</u>	<u>95,248</u>	<u>488,872</u>
Net book value				
At the end of the year	<u>143,999</u>	<u>39,681</u>	<u>15,501</u>	<u>199,181</u>
At the start of the year	<u>145,758</u>	<u>32,422</u>	<u>16,586</u>	<u>194,766</u>

Land with a value of £36,625 (2022: £36,625) is included within freehold property and not depreciated.

All of the above assets are used for charitable purposes.

12 Stock

	2023 £	2022 £
Finished goods	<u>5,466</u>	<u>5,466</u>

13 Debtors

	2023 £	2022 £
Trade debtors	50,892	168,953
Prepayments	12,946	8,658
Accrued income	117,243	147,895
	<u>181,081</u>	<u>325,506</u>

All of the charity's financial instruments, both assets and liabilities, are measured at amortised cost. The carrying values of these are shown above and also in note 14 below.

14 Creditors: amounts falling due within one year

	2023 £	2022 £
Bank loans	10,000	–
Trade creditors	134,218	25,986
Taxation and social security	9,688	26,113
Accruals	40,427	114,012
Deferred income (note 15)	–	12,554
	<u>194,333</u>	<u>178,664</u>

15 Deferred income

Deferred income comprises participant costs received in advance.

	2023 £	2022 £
Balance at the beginning of the year	12,554	16,529
Additions within the year	17,500	–
Amount released to income in the year	(30,054)	(3,975)
	<u>–</u>	<u>12,554</u>

Notes to the financial statements

For the year ended 31 March 2023

16 Creditors: amounts falling due after one year

	2023 £	2022 £
Bank loans	<u>30,000</u>	<u>50,000</u>

The Bounce Bank Loan balance as at 31 March 2023 £40,000 (2022: £50,000) is unsecured. The terms of the loan are 72 months with an interest rate of 2.5%. The UK Government funded the interest payment for the first 12 months through the Business Interruption Payment (BIP) £1,250 and the monthly loan repayments commenced April 2022.

17 Pension Scheme

The charity offers an auto-enrolment into the NEST pension scheme. At the end of the year the liability of the NEST pension scheme was £2,001 (2022: £2,219).

Past and present employees are covered by the provisions of the two NHS Pension Schemes. Details of the benefits payable and rules of the Schemes can be found on the NHS Pensions website at www.nhsbsa.nhs.uk/pensions. Both are unfunded defined benefit schemes that cover NHS employers, GP practices and other bodies, allowed under the direction of the Secretary of State in England and Wales. They are not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, each scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS body of participating in each scheme is taken as equal to the contributions payable to that scheme for the accounting period. In order that the defined benefit obligations recognised in the financial statements do not differ materially from those that would be determined at the reporting date by a formal actuarial valuation, the FReM requires that "the period between formal valuations shall be four years, with approximate assessments in intervening years". An outline of these follows:

a) Accounting valuation

The present value of the liabilities as at 31 March 2023 has been determined using the Projected Unit Credit Method (PUCM), with allowance for expected future pay increases in respect of active members, and the demographic and financial assumptions applying as at 31 March 2023. The current service cost (expressed as a percentage of pensionable pay) in respect of accruing costs in the year ended 31 March 2023 was determined using the PUCM and the demographic and financial assumptions applicable at the start of the year, that is: those adopted as at 31 March 2022 in the 2021-20 Annual Report and Accounts.

b) Full actuarial (funding) valuation

A full actuarial (funding) valuation is undertaken every four years and its purpose is to assess the liability in respect of the benefits due under the Schemes (taking into account recent demographic experience), and to recommend contribution rates payable by employees and employers. The latest actuarial valuation undertaken for the NHS Pension Scheme was completed as at 31 March 2016. The results of this valuation set the employer contribution rate payable from 1 April 2019 at 20.6% of member pensionable pay.

The 2016 funding valuation was also expected to test the cost of the Scheme relative to the employer cost cap set following the 2012 valuation, however, on 30 January 2019 the Government announced a pause to the cost control mechanism which was to form part of the valuation. This was due to the Court of Appeal ruling in December 2018 relating to the transitional protection offered to some members in the 2015 pension reforms. On 4 February 2021, the Government announced that the cost cap mechanism calculations would be completed allowing for the transitional protection remedy costs. HMT published valuation directions dated 7 October 2021 that set out the technical detail of how the costs of remedy are included in the 2016 valuation process. Following these directions, the Scheme Actuary has completed the cost control element of the 2016 valuation for the NHS Pension Scheme.

The results for the Scheme were set out in the Government Actuary's Department report of 7 February 2022, which stated that the cost cap cost was within the +/-2% corridor specified in the HMT regulations and so no changes to benefits or member contributions were required.

The Government has set out changes to the operation of the employer cost cap that will be effective from the valuation of the Scheme as at 31 March 2020. The new mechanism will only allow for the reformed Scheme, will have an increased cost cap corridor of +/-3% and will also now include an economic check, which means that a breach would only result in changes if there was still a breach once the impact of any change in the discount rate has been taken into account.

The 2020 valuation will set the employer contribution rate payable from April 2024 and test the cost of the Scheme relative to the employer cost cap. This 2020 valuation is currently in progress and will be based upon further valuation directions provided by HMT. The final directions to enable completion of the 2020 valuation are expected from HM Treasury during 2022. The results of the 2020 valuation including the employer cost cap will be reported in the 2022-23 NHS Pension Scheme Annual Reports.

In December 2021 several unions filed for a joint Judicial Review against the Government on the inclusion of the McCloud remedy costs within the cost control mechanism. On 4 July 2022 the Judicial Review was granted permission to be heard, with no further detail currently available on the timeline for a hearing. Even if the Judicial Review is successful, it is unclear what remedy the court may order, and the Government would then need to consider how to proceed following that. Any attempt to predict such outcomes, such as any impact on Scheme liabilities, would be highly speculative at this stage.

Notes to the financial statements

For the year ended 31 March 2023

18a Analysis of net assets between funds (current year)

	General unrestricted £	Designated £	Restricted £	Total funds £
Tangible fixed assets	0	173,471	25,710	199,181
Net current assets	135,521	-	12,817	148,337
Long term liabilities	(30,000)	-	-	(30,000)
Net assets at 31 March 2023	105,521	173,471	38,527	317,519

18b Analysis of net assets between funds (prior year)

	General unrestricted £	Designated £	Restricted £	Total funds £
Tangible fixed assets	-	165,815	28,952	194,767
Net current assets	214,306	20,000	88,043	322,349
Long term liabilities	(50,000)	-	-	(50,000)
Net assets at 31 March 2022	164,306	185,815	116,994	467,115

19a Movements in funds (current year)

	At 1 April 2022 £	Income £	Expenditure £	Transfers £	At 31 March 2023 £
Restricted funds:					
Freehold Property	23,219	-	(2,600)	-	20,619
ERDF Catalysts Enterprises Grant	5,733	-	(642)	-	5,091
The Rowlands Trust	2,100	-	(783)	-	1,317
Eveson Charitable Trust	4,495	-	(4,495)	-	-
Edward and Dorothy Cadbury Trust	2,000	-	(2,000)	-	-
Prince's Charities	3,000	-	(3,000)	-	-
Roger and Douglas Trust	3,000	-	(3,000)	-	-
G J W Turner Trust	3,000	-	(3,000)	-	-
CB & HH Taylor 1984	1,000	-	(1,000)	-	-
The Grimmitt Trust	2,000	-	(2,000)	-	-
Radcliffe Trust Grant	5,000	-	(1,124)	-	3,876
Warwick Masonic Trust	1,000	-	(1,000)	-	-
The Rowlands Trust	2,000	-	(2,000)	-	-
National Lottery Fund	9,448	-	(9,448)	-	-
Allison Hillman Charitable Trust	1,000	-	(1,000)	-	-
William A. Cadbury Trust	15,000	-	(15,000)	-	-
Resonance Grant	34,000	-	(34,000)	-	-
The Foundation for Social Investment	-	27,436	(27,436)	-	-
Birmingham City Council	-	17,500	(9,876)	-	7,625
Total restricted funds	116,995	44,936	(123,404)	-	38,527
Unrestricted funds:					
Designated funds:					
Tangible Fixed Assets Funds	165,815	-	(18,567)	26,223	173,471
Future Investment for Social Enterprises	10,000	-	-	(10,000)	-
Premises Improvement Fund	10,000	-	-	(10,000)	-
Total designated funds	185,815	-	(18,567)	6,223	173,471
General funds	164,306	745,500	(798,063)	(6,223)	105,520
Total unrestricted funds	350,121	745,500	(816,629)	-	278,992
Total funds at 31 March 2023	467,115	790,436	(940,033)	-	317,519

Notes to the financial statements

For the year ended 31 March 2023

19b Movements in funds (prior year)

	At 1 April 2021 £	Income £	Expenditure £	Transfers £	At 31 March 2022 £
Restricted funds:					
Freehold Property	24,253	-	(1,034)	-	23,219
ERDF Catalysts Enterprises Grant	5,988	-	(255)	-	5,733
The Rowlands Trust	2,100	-	-	-	2,100
Eveson Charitable Trust	-	10,000	(5,505)	-	4,495
MIND Charity (Say well programme)	-	1,992	(1,992)	-	-
Edward and Dorothy Cadbury Trust	-	2,000	-	-	2,000
Prince's Charities	-	3,000	-	-	3,000
Roger and Douglas Trust	-	3,000	-	-	3,000
GJW Turner Trust	-	3,000	-	-	3,000
GB & HH Taylor 1984	-	1,000	-	-	1,000
The Grimmitt Trust	-	2,000	-	-	2,000
Radcliffe Trust Grant	-	5,000	-	-	5,000
Warwick Masonic Trust	-	1,000	-	-	1,000
The Rowlands Trust	-	2,000	-	-	2,000
National Lottery Fund	-	9,448	-	-	9,448
Football Foundation	-	1,000	(1,000)	-	-
Allison Hillman Charitable Trust	-	1,000	-	-	1,000
William A. Cadbury Trust	-	15,000	-	-	15,000
Resonance Grant	-	34,000	-	-	34,000
Other Small Restricted Grants	852	-	(852)	-	-
Total restricted funds	33,193	94,440	(10,638)	-	116,995
Unrestricted funds:					
Designated funds:					
Tangible Fixed Assets Funds	197,375	-	(32,298)	738	165,815
Future Investment for Social Enterprises	10,000	-	-	-	10,000
Premises Improvement Fund	10,000	-	-	-	10,000
Total designated funds	217,375	-	(32,298)	738	185,815
General funds	339,609	816,835	(991,399)	(738)	164,306
Total unrestricted funds	556,984	816,835	(1,023,697)	-	350,121
Total funds at 31 March 2022	590,177	911,275	(1,034,335)	-	467,115

20a Purposes of restricted funds

Freehold Property: Funding received from The Big Lottery Fund for improvement to the reception area of the Digbeth premises. Depreciation will be charged to this fund.

ERDF Catalyst Enterprise Grant: This grant was matched funded and assisted us to fund capital items and some salary for Production Assembly Services social enterprise.

The Rowlands Trust: The funds were donated towards a new heating system for Better Assembly Services.

The Allison Hillman Charitable trust, The Rowlands trust, CB & HH Taylor 194, and Edward & Dorothy Cadbury Trust: These funds were donated towards a counselling service for service users in Better Assembly Services.

William A. Cadbury Trust: The funds were donated towards a wellbeing centre for service users in Better Assembly Services.

The Grimmitt Trust and Eveson Charitable Trust: The funds were donated towards hiring a support coordinator for the service users. The post was filled in August 2021.

The National Lottery Fund, Radcliffe Trust Grant and Roger & Douglas Trust: The funds were donated to fund a therapeutic carpentry programme at the Woodcraft Centre, located within Better Assembly Services.

Prince's Charities: Money towards the costs of the therapeutic work and training programme in Better Assembly Services.

MIND Charity (Stay Well Programme): The funds were donated towards the stay well programme.

Resonance Grant: Money specifically for the business development of Express Signs.

The Foundation for Social Investment's Enterprise Development Programme: The funds were towards the business development of Express Signs.

Birmingham City Council: This grant was towards the funding of Development Worker salary cost in Better Assembly Services.

Notes to the financial statements

For the year ended 31 March 2023

20b Purpose of designated funds

Tangible Fixed Assets fund: This fund represents the net book value of fixed assets purchased through general funds. Depreciation will be charged against this fund.

Subsequent to the year end, Future Investment for Social Enterprise and Premises Improvement funds totalling £20k, have been reallocated to General fund.

21 Reconciliation of net income / (expenditure) to net cash flow from operating activities

	2023 £	2022 £
Net income / (expenditure) for the reporting period (as per the statement of financial activities)	(149,597)	(123,062)
Depreciation charges	21,809	33,588
Bank interest	(46)	(84)
Decrease in stocks	–	753
Increase/(Decrease) in debtors	144,425	(116,816)
Increase/(Decrease) in creditors – excluding bank loan	5,669	(58,714)
Net cash provided by / (used in) operating activities	22,259	(264,335)

22 Operating lease commitments

The charity's total future minimum lease payments under non-cancellable operating leases is as follows:

	Equipment 2023 £	2022 £
Less than one year	11,069	8,977
One to five years	21,498	5,961
	32,566	14,938

23 Legal status of the charity

The charity is a company limited by guarantee and has no share capital. The liability of each member in the event of winding up is limited to £1.

BIRMINGHAM INDUSTRIAL THERAPY ASSOCIATION LIMITED

England & Wales - Charity number 244866

Accounts

Company number: 748773
Charity Number: 244866

Birmingham Industrial Therapy Association Limited

Operating as Better Pathways

Report and financial statements
For the year ended 31 March 2022



Birmingham Industrial Therapy Association Limited

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For the year ended 31 March 2022

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Birmingham Industrial Therapy Association Limited

Reference and administrative information

For the year ended 31 March 2022

Company number 748773
Country of incorporation United Kingdom

Charity number 244866
Country of registration England & Wales

Operating Name Better Pathways

Registered office and operational address 201–206 Alcester Street
Birmingham
B12 0NQ

Trustees Trustees, who are also directors under company law, who served during the year and up to the date of this report were as follows:

Mr David Tucker (Chair)	
Mr Ben Brittain	
Dr Martin Commander	
Ms Chaitali Desai	
Ms Janine Garvie–Cole	
Mr Les A Latchman	
Ms Kimara Sharpe	Appointed 13 December 2021
Mr Simon Lawrence (Chair)	Resigned 13 December 2021
Mr Jordan Kirkwood	Resigned 13 December 2021
Ms Ranjit Nall	Resigned 13 December 2021
Mr Miles Parker	Resigned 13 December 2021
Mr Jagvir Purewal	Resigned 13 December 2021
Ms Diane Ryles	Resigned 13 December 2021

Key management personnel Ms Sue Roberts Chief Executive and Company Secretary

Bankers	CAF Bank Ltd	Lloyds Bank	Unity Trust Bank
	25 Kings Hill Avenue	PO Box 100	4 Brindley Place
	Kings Hill, West Mailing	Andover	Birmingham
	ME19 4JQ	BX1 1LT	B1 2JB

Solicitor Shakespeare Martineau
Somerset House Temple Street
Birmingham
B2 5DJ

Auditor Sayer Vincent LLP
Chartered Accountants and Statutory Auditor
Invicta House
108–114 Golden Lane
London EC1Y 0TL

The trustees and Chief Executive present their report and the audited financial statements for the year ended 31 March 2022.

Reference and administrative information set out on page 1 forms part of this report. The financial statements comply with current statutory requirements, the requirements of a directors' report as required under company law, the memorandum and articles of association and the Statement of Recommended Practice – Accounting and Reporting by Charities: SORP applicable to charities preparing their accounts in accordance with FRS 102.

Our Aims

The aims of the Charity are set out in the Articles of Association.

Registered as a charity on the 1st February 1963 and located in Alcester Street, Digbeth, since 1973, Better Pathways is a mental health charity supporting some of the most vulnerable people in our communities. The main focus of our work is the support we provide to people with severe and enduring mental illness, with mild to moderate poor mental health, and with learning disabilities and difficulties on our vocational pathways, employability and mental health support programmes. Delivered in our social enterprises, or out in the community under contract to the statutory sector, we work with our beneficiaries and programme participants to help them thrive in paid employment, or in training, education and volunteering if this is their desired goal. Our mission is to empower our beneficiaries to utilise their own strengths to achieve their full potential, to live as independently as possible in good mental health, enjoying the full range of community activities and services that others in society take for granted.

Our published charitable objects require us to

- 1 help people with mental health issues and learning difficulties and disabilities to secure opportunities for volunteering, training and education and progress them towards paid employment,
- 2 provide training and education to organisations that will support them to safeguard the mental health and wellbeing of their employees and other stakeholders,
- 3 deliver support programmes through our social enterprises to grow beneficiaries' confidence, sense of self-esteem and independence to enable them to stay well and take part in activities as full members of their communities,
- 4 provide mental health and wellbeing support to NHS and Local Authority client groups to enhance their potential for recovery and independent living, and
- 5 provide support to the carers of our beneficiaries, chiefly but not limited to the respite provided to families and carers arising from the participation of beneficiaries in the charity's activities.

Our Values

Inclusivity:	we welcome without prejudice or judgement all those who want our help
Tenacity:	we strive tirelessly to do our best for those we serve
Empowerment:	we build confidence in people to help them become self-supporting
Integrity:	we are kind, honest and fair in all our dealings
Partnership:	we work together with our stakeholders to further our collective aims

Our Charitable Services

Our social enterprises: Learning, Independence, Volunteering, Employment Programme

Better Pathways has been at the heart of the 'work as therapy' movement since 1963. We support beneficiaries to participate on our LIVE vocational pathways programme (Learning, Independence, Volunteering, Employment). We do this through our three work-based enterprises commissioned by local businesses: packing, assembly and light engineering; signage, printing, engraving, and badge making; bespoke woodcraft creations. There are 3 pathways available on this programme:

12-weeks work experience: We aim to support as many people as possible into paid employment, or into education, training and volunteering as an interim or alternative outcome if employment is currently or forever beyond their reach.

Meaningful day activities: We are commissioned by local social workers to provide meaningful day activities for some of their clients who would otherwise go to day centres.

Volunteering: Many of the people we support do not want to be in paid employment or lack the capacity for it. Currently, the majority of our beneficiaries are volunteers. Over time this will change as we embed our relatively newly launched 12-week work experience programme.

As at December 2022, 72 people on our LIVE programme. Beneficiary numbers prior to Covid-19 were upwards of 110 at their peak.

Beneficiaries come to Better Pathways for support to develop self-confidence and self-belief, resilience, socialisation and employability skills to build their capacity to navigate the world of work and their communities independently. They come with a range of skills deficits and other support needs, for example, basic numeracy and literacy required in the workplace, with mobility problems, including poor manual dexterity, with travel anxieties, and with varying intellectual capacities for basic and complex tasks. Our beneficiaries are impacted by their unique experiences, for example, arising from PTSD, chronic severe and enduring mental illness, and more recently the consequences of COVID-19.

Our work experience opportunities:

- **Packing, Assembly & Light Engineering:** We provide packing, assembly and light engineering services to businesses in Birmingham, the West Midlands and beyond. We are proud of the work we do as a valued supply chain partner supporting upwards of 15 businesses to deliver high quality end products to their customers. We pack, label and assemble a wide range of products including printed circuit boards, a broad range of fixings, fixtures and fittings, healthcare

products, plumbing and electrical products and batteries. We unpack and repack products from bulk to small packs for retail and undertake re-work including, re-labelling, re-pricing and flaw corrections. We work with electronics manufacturers, vehicle manufacturers, stationery suppliers and printers, distributors of health, homecare and retail supplies, building trade manufacturers, gas and drainage component makers, hospital equipment suppliers, government and community-oriented organisations.

- **Express Signs:** At Express Signs we specialise in the design and production of interior and exterior signage and can offer our services to organisations beyond the West Midlands. We also produce name badges, vehicle graphics, promotional banners, large posters, vinyl lettering and corporate gift. We provide engraving and printing services. We work with a range of organisations including the NHS, schools and construction companies.
- **The Woodcraft Centre:** We produce items for sale on our Etsy site made from reclaimed and donated timber. We are proud of our connection with the Edinburgh Napier University, whose students designed products for our people to craft based on a shared understanding of the skills, tools, and resources we have at our disposal. We entered a partnership with Pathcarvers in March 2022 whose Director, JoJo Wood, is an internally renowned spoon carver. Pathcarvers is supporting with training, new product development and sales strategy.

Our Statutory sector services

- **The Disability Inclusion Pathway project:** The aim of this project, which is part-funded by the European Social Fund, is to support adults furthest away from the jobs market into employment, education and training. Mobilised in July 2021, the project is due to end in December 2023. Our employment specialists work intensively on a 1:1 basis with participants on person-centred actions plans to achieve vocational goals. The team is networked with hundreds of organisations and groups across the city to secure, or signpost to, additional support needed by participants. We supported 80 participants during the year.
- **The Youth Promise Plus (YPP) Mental Health Wrap Around Support Service** began in May 2020 and has recently been extended until December 2023. Team members work on a 1:1 basis with young people aged 16 – 29 experiencing mental health issues to help them stay engaged on employability programmes delivered by five YPP partner organisations in Birmingham. We supported 52 participants during the year.
- **Meaningful Day Activities** continued to be commissioned by Birmingham City Council's Adult Social Care department. This is a very small spot-purchase arrangement open to social workers looking for opportunities alternative to mainstream day centre services. There are currently only two or three people being supported under this arrangement, but we anticipate this growing as our LIVE vocational pathways programme becomes more embedded.
- **Primary Care Recovery Navigator Service.** We and are pleased to have been awarded a 3-year sub-contract to deliver a Primary Care Recovery Navigator service (value £406,725). Our team of navigators is working with Birmingham Mind and a second sub-contracted partner, the Living Well Consortium, alongside NHS colleagues to support people with poor mental health to access the services they need in the community. This contract was awarded just into the new financial year, in May 2022.

Other income generating services

- We are delighted that our **Vulnerability Awareness Training** is now included in the induction and training programmes of two large energy companies, Octopus Energy and WeAreWoven. We have provided content to a leading telecommunications provider and have other potential customers in the pipeline. Our training supports front-line agents to identify and support customers in situations of vulnerability who need tailored support to meet their needs. Income from this activity in 2021/2022 was £33k.
- We have recently welcomed MyBnk as new tenants to the Better Pathways site in Digbeth, a national charity training young people to understand debt and money management. **Rental income** from this activity will be £20k per annum.

Who benefits from our services?

Our social enterprises currently support 75 people (2020/21: 72) living in Birmingham, Sandwell and Solihull. Our beneficiary demographics:

- All participants are attending for support to maintain good mental health and wellbeing.
- Approximately 50% have a diagnosed mental illness.
- Approximately 60% have a learning disability or significant difficulty.
- A number have dual diagnoses.
- Females account for 22% of our participants (2020/21: 18%).
- Participants from black and ethnic minority communities account for 36% (2020/21: 38%).
- Our two longest attending participants have been coming to the service for over 40+ years.
- Our oldest participant is in their 70s and our youngest in their 20s.
- Following the launch of our LIVE vocational pathways programme in June 2022, the mix of long-term/short-term, older/younger, participants will change, with more, and younger, people coming to Better Pathways for short-term work experience placements going forward.

Our social impact

Unemployment in people with poor mental health and with learning disabilities is a major public health issue and Better Pathways addresses this. Inactivity and social isolation blights the lives of those living with these conditions and their families, and we know that our work with participants addresses the loneliness they would otherwise feel from being socially isolated. In addition to the 'hard' outcomes we aim to achieve through our LIVE vocational pathways programme, we offer companionship, friendship, and a sense of belonging to those coming to our charity. Our social impact is further enhanced by the values driven approach to all that we do, benefiting participants on our statutory sector contracts, and those commercial businesses we work with in our social enterprises.

What our beneficiaries say about us

We are proud to report below the positive feedback we have had from the people who participate on our LIVE programme, and delighted that more of our beneficiaries are reporting improved outcomes in the areas covered by our survey when compared to last year (shown in brackets):

96% report an increased ability to make friends and build new relationships (77%)
100% report increased self-confidence (68%)
93% feel supported (74%)
96% have a sense of belonging when attending our services (80%)
93% have increased ability and confidence to pick up new skills (69%)
71% indicate improved ability to deal with problems in life (51%)
86% have improved general happiness (63%)
89% have positive feelings and hope for the future (63%)

Twenty of our beneficiaries are living at home with families. Our support of beneficiaries provides respite for families, allowing parents and siblings free time to work during the day, to engage in their communities, to recharge their batteries and to maintain the resilience required to cope with the often complex needs of their family member.

Feedback from the family of DM

How does D coming to Better Pathways help your family?

The main thing is that D has got a place that he enjoys going to. He likes going to Better Pathways and is happy when he comes home. It gives him a purpose. It means that because he's with you three days a week he isn't just sitting at his computer. He's doing something meaningful for him. I work from home and find it difficult if D is sitting doing nothing. Therefore, I have space for myself.

What have you noticed about D as a result of him coming to Better Pathways?

He's generally a happier person. He talks a lot about what he's done and enjoys it. Putting plastic strips into bags, sorting them by colour seems to be his favourite job. He's out and about. What he's said on a number of occasions is that he realises that he's more able than others. That's given him a degree of a boost, more self-confidence that he can do more and thinks quicker than others. It's given him more independence, helping to maintain employment outside.

Would you say that your own mental health, or that of family members, improves with the respite you receive when N comes to Better Pathways?

Absolutely, 100%. The worst time was during the 1st lockdown when D was at home non-stop. I found that difficult to cope with. Better Pathways makes a big difference. Generally, D is happy and enjoys going to the digital course at the academy.

Feedback from the family of NT

How does N coming to Better Pathways help your family?

Enormously, if N isn't going to Better Pathways he's very down. We've seen that over the past three or four months when he's been unwell. When he isn't going, he's got nothing to look forward to. The two days he does go in, he's a different lad, on the other three days he has nothing to do. N's not well enough to go out on his own, he can't walk properly. Without Better Pathways we would be nowhere – I can tell you that now.

What have you noticed about N as a result of him coming to Better Pathways?

He's a happy lad, and he misses people when he doesn't go to Better Pathways. He probably talks to people at Better Pathways more about different things than he does to us at home. N loves bantering about football and Manchester United with Frank. He really misses that when he has to stay away.

Would you say that your own mental health, or that of family members, improves with the respite you receive when N comes to Better Pathways?

100%! When N was at home unwell, for those three or four months, my anxiety went up and my mental health went downhill. I get frustrated, not with N, but with myself, usually when alone in my car. Our lives change enormously when N doesn't go to Better Pathways. I don't know what words to use to express the change it makes when N is occupied. My granddaughter has poor mental health and learning difficulties and is at home with me. The whole family can relax more with the free time we do get.

Feedback from the family of SA

How does S coming to Express Signs help your family?

A great help. I know where he is. He's with lovely people. He's doing something. I know he does badges. It means he can do something different on a Friday. He comes out with me driving for a few hours a couple of days a week as well. One of the main things is he gets the bus back. Only 5 or 6 bus stops and he's back home, but that's a little bit of independence for him. Lovely knowing he's in safe hands. He's learning. The stress factor goes when he comes to Express Signs.

What have you noticed about S as a result of his coming to Express Signs?

He's happier, more confident, they don't overload him with activities. His understanding is limited and so coming to Express Signs is good because Danny and Jane help him and tell him not to worry if there are things he can't do.

Would you say that your own mental health, or that of family members, is improved as a result of the respite you receive from S coming to Express Signs

On a Friday, it's a welcome release. When I drop him off, I can completely switch off.

Economic impact: the value of our social enterprise participant hours

‘In 2019 there were an estimated 208,000 volunteers working in 9,000 community businesses across England. These volunteers contributed up to an estimated 18 million hours of time and £250 millions of services in 2019. Volunteers provide a wide variety of support to community businesses. In 2019 the estimated average equivalent market hourly wage rate across this range of activities was around £13.70. This is slightly above the UK median hourly earnings rate for all occupations of £13.20 (by 3.5 per cent).’ *Power to Change Assessing the value of volunteers in Community Businesses [2020]*.

In 2021/2022, 72 participants volunteered in our social enterprises for 27,400 hours. Using the average equivalent market hourly wage rate of £13.20, we arrive at an annual economic value of volunteering activity of £375k.

The Year: 2021/2022

Two statutory sector contracts, Respite+ and Veterans Stabilisation Worker, came to an end in March 2022. Having ended provision of the Individual Placement Support contract in March 2021, a priority for the charity in 2021/2022 has been to secure new opportunities with the statutory sector. We were delighted to be awarded a new employability project, the **Disability Inclusion Pathway**. Part funded (42%) by the European Social Fund with a value of £1,197,106, this contract will run until December 2023. We are the main provider of this contract, working with two sub-contracted partners, the Disability Resource Centre and BID, to support adults furthest away from the jobs market into employment, education and training. We were similarly pleased to have been awarded an extension to our **Youth Promise Plus**, contract until December 2023 albeit at a reduced contract value of £201,499. This reduction meant that, sadly, our YPP team went from four members to three. Further, this development did have a destabilising impact on the YPP team and in addition to the loss of one team member, two others secured other opportunities. Happily, one of those was within Better Pathways.

Another priority in 2021/2022 was our recovery from the impact of Covid-19 on our social enterprise income generating activities, still being felt in the early part of the year. Considerable effort has been spent building new partnerships and a pipeline for growth into 2022/2023. Whilst the year-end position across our social enterprises was a deficit of £33,551, we are starting to reap the rewards of our efforts and are hopeful of reporting a better position at the end of 2023. As we progress into the fourth quarter of 2022-2023, we are confident of entering partnerships with a leading Birmingham based manufacturing business, and at least one new start-up keen to work with us. We also have an exciting signage project in the pipeline.

We ended the year with a total deficit of £123,061.

Plan Progress 2021/2022

In our Annual Report for the year ended March 2021 we said:

We will agree plans for the development of our building, either improving our space and staying in Digbeth, or planning to sell and move elsewhere.

*We have put plans to sell our building on hold. Instead, we will stay at Digbeth to focus on building our charity and launch a crowdfunding campaign to raise funds to 'Raise our Roof'. This will future proof our building for the next 5 to 10 years and enable us to build a mezzanine floor, creating capacity for growth. We are drawing up plans and will launch our campaign early in 2023 in celebration of the 60th anniversary of our charity. We are grateful to **West1 Contracts Limited** for donating their time and supplies to upgrade our kitchen and beneficiary canteen area.*

We will generate income from sharing our space.

We are delighted to report that MyBnk, a national charity providing young people with financial education and support to understand money management moved into spare office space. This will contribute £20k annual to our income.

We will modernise our social enterprise pathways of care:

We completed the design of our LIVE (Learning, Independence, Volunteering, Employment), vocational pathways programme, building on our learning from a similar model being delivered in Northampton. Launched in June 2022, this programme introduces three pathways: a 12-week work experience pathway, a meaningful day activities pathway and a volunteering pathway. We were delighted to work closely on the design of our model with colleagues in Birmingham City Council's Adult Social Care team and to be working with social work colleagues on a referral route to this programme for young people on Preparation for Adulthood pathways.

We will pursue a robust income generation strategy:

We raised £119,067 from grant giving bodies.

We received £30k from Birmingham and Solihull Mental Health Foundation Trust to fund a business development project for Express Signs, a social enterprise that we have been running on behalf of the Trust since 2016.

We were sub-contracted by Birmingham Mind to become a partner, along with the Living Well Consortium, in the delivery of a Primary Care Recovery Navigator service.

We were successful with our bid for the re-tendered Youth Promise Plus mental health wrap around support service.

We continued to market our Vulnerability Awareness Training and secured two new customers, Octopus Energy and WeAreWoven. During 2022-2023, we continue to work with Octopus Energy on a second phase of training for customer-facing staff and line managers and are talking to other energy companies.

We continued to see a reduction in income in our social enterprises from the impact of Covid-19 but we are recovering, with some customer orders having returned to pre-pandemic levels and, in one case, exceeding them.

We developed our relationships with ‘business ambassadors’ who are generously giving their time to advise us on our growth strategy and introduce us to potential new customers. We are currently mobilising a partnership with the Council’s PURE team and Trident Reach to support delivery of Trident’s PURE employability project, supporting those at risk of homelessness into employment.

We will establish a more systematic approach to social impact reporting

*The co-designed work we do with individual beneficiaries and participants is designed to inform interventions to achieve desired goals, adhering to the principles of ‘the theory of change’. (**The Theory of Change: A process for thinking about and describing; the change you want to see; and your plans for achieving that change...It encourages (a reflection) on aims and plans, (and a discussion) with others (to make them) explicit.** Source New Philanthropy Capital NPC Website.) We will further develop our approach with beneficiaries, their families, our partners and experts, to capturing outcomes and learning for service improvement. We are talking to a subject matter expert to plan next steps.*

Financial results 2021 /2022

Total income in the year decreased by 64% from £2,552,593 in 2020/21 to £911,275 in 2021/22.

- **Donation and grant** income increased by 111% following the appointment of a fundraiser who started at Better Pathways in September 2019.
- **Recovery and employment** income decreased by 77% following the loss of the IPS employment contract.
- **Trading income** for Better Assembly Services and the Woodcraft Centre fell by 5%. However, income for Express Signs increased by 34%.
- **Meaningful Day Activity** income from Birmingham City Council to support participants in Better Assembly Services increased by 7%.
- **Express Signs** income in the year increased by 59% following the receipt of a grant of £30k from Birmingham and Solihull Mental Health Foundation Trust. This grant funded a business development manager to produce a plan for the future of Express Signs.

Following the TUPE transfer of staff on the IPS contract to the Shaw Trust in March 2021, the number of employees at Better Pathways reduced from 35.9 to 23.4.

Fundraising and Donations

For the year 2021/22 we raised £114,440 (2020/21: £20,000) from grant giving trusts and foundations, and £4,627 in public donations (2020/21: £nil). We are grateful to the funders who have responded so positively to our bids for support, and we are pleased to acknowledge them later in this report.

We are registered with the Fundraising Regulator and can confirm we have not received any complaints in the year. Currently, our fundraising activity is predominantly in respect of

submission of bids to grant giving bodies. We raise funds from the public via JustGiving and Amazon Smile. We do not raise donations through door-to-door canvassing, but were we ever to do so, we would ensure that we have policies and procedures in place to identify and protect people in situations of vulnerability.

Principal funding sources

In respect of our statutory sector contracts our sources of funding are:

- European Social Fund for the Disability Inclusion Pathway contract that started in July 2021.
- Birmingham and Solihull Mental Health Foundation Trust for the Respite+ and Veterans Stabilisation contracts which ended in March 2022.
- Birmingham City Council for the Youth Promise Plus Wrap Around Support Services contract which commenced in May 2020 and was extended on 1 June 2022.

We are grateful to the following organisations for their generous grants in 2021/22. Funds from these organisations have helped us to deliver our activities for the benefit of our service users:

- | | |
|------------------------------------|----------------------------------|
| ● Allison Hillman Charitable Trust | ● National Lottery Fund |
| ● CB & HH Taylor 1984 | ● Prince's Charities |
| ● Edward and Dorothy Cadbury Trust | ● Radcliffe Trust Grant |
| ● Eveson Charitable Trust | ● Roger and Douglas Trust |
| ● Football Foundation | ● Social Enterprise Support Fund |
| ● G J W Turner Trust | ● The Grimmitt Trust |
| ● Garfield Weston Grant | ● The Rowlands Trust |
| ● LoveBrum | ● Warwick Masonic Trust |
| ● MIND | ● William A. Cadbury Trust |

Plans for 2022/2023

Our social enterprise LIVE Vocational Pathways programme will be further embedded:

- We will raise the profile of the LIVE programme with social work teams to grow referrals.
- We will recruit to a post grant funded by the council to raise the profile of this service with other external partners and employers.
- We will relocate Express Signs from Solihull to our site in Digbeth, opening up more work experience opportunities in one place for our beneficiaries.
- We will establish additional projects in our Woodcraft workshop, working with Pathcarvers on product development, for example, bird box kits and picture framing.
- We will open a charity shop at our site in Digbeth, for its income generating potential, and to provide opportunities for extending our work experience offer and to raise our profile with the public, whom we will invite to collect their purchased woodcraft and other items.
- We will consult with our beneficiaries and their families to strengthen our approach to impact measurement.

We will explore all avenues for income generation

- We will continue to look for statutory sector contract bidding opportunities, including as sub-contractors to larger organisations where our values align.
- We will mobilise a short-term sub-contract with Trident Reach, delivering employability support to people at risk of homelessness until September 2023.
- We will mobilise a new arrangement with Widney Manufacturing, manufacturers of specialist engineering solutions to multiple markets in 30 countries.
- We will progress discussions with a national construction company for the provision of signage services.
- We will seek corporate partnerships such as charity of the year agreements.
- We will continue to submit bids to grant funding bodies, looking for support for core costs wherever we can.
- We will look for more customers for our vulnerability awareness training.
- We will rebrand our charity, more effectively target our messaging to commercial customers, update our website and marketing literature, and launch three marketing campaigns.

We will improve our building for the benefit of beneficiaries and to grow our business

We will complete the refurbishment of our canteen facilities. We are grateful to the following companies for choosing us for their corporate volunteering days: **Advanced Solutions, Arcadis, Amey, Evelyn Partners, Selfridges, S F Recruitment and BT.** These volunteers are cleaning and stripping walls, rubbing down woodwork, painting, wallpapering and heartening us with their friendship and support.

- We will complete an extension to our Woodcraft workshop.
- We will improve beneficiary restroom facilities.
- We will launch a 'Raise the Roof' crowdfunding campaign, including plans to build a mezzanine floor.
- We will continue to repair our roof in the meantime, making it watertight until a new roof is in place.

Principal risks and mitigations

The Charity's principal risks are:

1. **A failure to maintain current customers and to grow the customer base in our social enterprises could undermine their viability.**
 - We are considering the merits of changing our team structure to bring sales capacity into the charity. In the meantime, the Senior Leadership Team is pursuing all opportunities for new partnerships and growth.
 - The Senior Leadership Team is proactively pursuing new business opportunities.
 - We are grateful for the support we are receiving from 'ambassadors' who are informing our approach to achieving the growth we need for future sustainability, identifying potential new customers and making helpful introductions.

- We are working with branding and marketing experts to clarify our messaging and to update our branding and website. We will be launching three marketing campaigns early in 2023.
 - We continue to submit bids to grant giving bodies.
 - We are undertaking a review of our pricing methodology.
 - We are working with Pathcarvers, a local social enterprise, to develop our Woodcraft offer.
2. **A failure to maintain a portfolio of statutory sector contracts would have a significant impact on the Charity's financial position, reducing the contribution to overheads and margin.**
- We are actively seeking out opportunities to bid for new contracts and to partner with other potential bidders.
 - We have secured an extension to the YPP contract and a new ESF funded employability project, both ending in December 2023.
 - We are delivering a new service with Birmingham Mind and the Living Well Consortium. The Primary Care Recovery Navigator contract will run for 3 years until March 2025.
 - We are mobilising a new partnership with the Council's PURE commissioning team and Trident Reach and will be delivered project outcomes as a sub-contracted partner to the Trident PURE team until the end of September 2023.
3. **A failure to develop other income streams will mean we cannot maintain fit for purpose facilities and grow our programmes for beneficiaries.**
- We are launching a 'Raise the Roof' crowd funding campaign in 2023 to celebrate our 60 years as a charity, seeking 'charity of the year' partners.
 - We are seeking support for a scheme to replace our roof and install a mezzanine floor. This will enable us to support more beneficiaries, to grow our commercial business and to achieve more rental income.
 - We are developing a pipeline of new business that will grow our commercial income.

Reserves policy and going concern

The trustees' policy is to maintain 90 days' expenditure in general reserves to provide working capital for unforeseen reductions in cash flow.

Better Pathways has total funds of £467,115 to carry forward at the year ended 31 March 2022.

These funds are made up as follows:

- £164,306 – General Reserves
- £116,995 – Restricted Funds
- £185,815 – Designated Funds

The designated funds largely relate to the tangible fixed asset fund so do not form part of our calculation of general reserves. This fund represents the net book value of fixed assets purchased through general funds and depreciation is charged against this fund.

The general reserve as at 31 March 2022 amounted to 60 days' expenditure, down from 136 days at March 2021. The decrease in the number of days arises from our inability to reduce unavoidable overheads to compensate for the reduction in income following the loss of the IPS employment

contract. It also arises from a significant overinvestment in working capital over the year. This has subsequently unwound resulting in more cash resources being available to fund unrestricted activities. At the end of November 2022, the charity's cash position has moved from £120k at March 2022 to £228k.

There was no expenditure from the Future Investment for Social Enterprises or Premises Improvement Funds in the year (£10k in each fund), however, these funds will be utilised in the year ended 31 March 2023. The funds allocated to designated funds will be used solely for investment in charitable activities to improve the services on offer. The detailed actions we are taking to improve our reserves balance are set out in this annual report and we anticipate those actions leading to 83 days' expenditure in general reserves by December 2023. In summary:

General Reserves

We continue to grow the activities and income streams of the charity.

We are better managing our working capital, getting cash in more quickly.

We will develop contingency plans to generate additional liquidity, using our building, which we own, as leverage.

Restricted Funds

We will implement restricted fund projects, significantly reducing the restricted funds balance of £88k by March 2023.

Designated Funds

Subsequent to the year end, Future Investment for Social Enterprise and Premises Improvement funds totalling £20k, have been allocated to projects that will improve facilities for our beneficiaries.

Accreditations

- We continue to meet the requirements of the Investors in People standard, the MATRIX standards, and Disability Confident Accreditation.
- The charity became an accredited Living Wage Employer after the year end.

Structure, governance and management

The organisation is a charitable company limited by guarantee, incorporated in England and Wales in September 1965 and registered as a Charity on 1st February 1963.

The company was established under a memorandum of association, which established the objects and powers of the charitable company and is governed under its articles of association. All trustees give their time voluntarily and receive no benefits from the Charity. The trustees have not claimed any expenses from the Charity during the year.

Trustees are elected at the annual general meeting and nominations for additional trustees may be made by Board members. All directors serve in an honorary capacity and are the trustees of the Charity. There is a rotational process in place with trustees retiring from the board each year;

however, these trustees can offer themselves for re-election should they wish to do so. We aim to ensure that the Board is diverse in terms of age, gender and ethnicity and possess the skills required to direct the organisation.

At no time during the year did any trustee have an interest in a contract entered into by the Association in relation to the activities of the Association other than their involvement as employees of Mental Health Trusts. No remuneration or other benefits have been paid or are payable to any trustee of the Association either directly or indirectly from the funds of the Association. The overall policy of the Association is set by the trustees at regular meetings of the Board. Day to day running of the Association is managed by the Chief Executive, Sue Roberts.

Appointment of trustees

We use the guidance for trustee recruitment published by the Charity Commission. Skills audits are completed, gaps are identified, and new Trustees appointed based on these gaps.

Trustee induction and training

The trustee induction handbook covers training to be undertaken, visits to be made, and meetings to be attended. The trustee induction and training programme will be reviewed early in 2023. As at December 2022 the programme is as follows:

- Trustee Role and Responsibilities – Job description
- Trustee Code of Conduct – Conflicts of Interest
- Timetable of Annual Key tasks
- Glossary of Terms
- Trustee Contact details
- Expenses – How to claim travel and other expenses
- Feedback Form
- Induction visits and meetings include:
 - Attendance requirements and feedback – meeting with Board Chair
 - Organisation background and history – meeting with Chief Executive
 - Mental Health First Aid (2-day accredited course)
 - Visits to all locations

Required reading includes:

- Memorandum & Articles
- Audited Accounts and Annual Report
- Risk Register
- Strategic Plan
- Organisation Chart
- Policies and Procedures
- The Essential Trustee (CC3)
- Other relevant Charity Commission guidance

Related parties and relationships with other organisations

No formal relationships exist between the Association and any related parties and there are no subsidiary undertakings. The Association cooperates with other charities in the pursuit of its charitable objectives.

Remuneration policy for key management personnel

The Chair conducts the annual appraisal of the Chief Executive and agrees her salary, which is benchmarked against comparable organisations in the not-for-profit sector. The salary is endorsed by all members of the Board.

Policy for employment of disabled persons

The Association has an Equality and Diversity policy which commits the Association to examine its selection and appointment process, personnel procedures, and training provisions to ensure the elimination of direct or indirect discrimination and the provision of equality of opportunity for the protected characteristics contained within the Equality Act 2010. There are regular reviews to maintain good employment practices and those engaged in the selection process will be made aware of the Equality and Diversity Policy, the Acts and their personal liability to law.

Employee information

The Association aims to provide employees with as much information as possible on matters of concern to them as employees. Responsibility for doing this rests with the Senior Leadership Team.

Funds held as custodian trustee on behalf of others

No funds are held by the Association as custodian trustee on behalf of others.

Statement of responsibilities of the trustees

The trustees (who are also directors of Birmingham Industrial Therapy Association Ltd for the purposes of company law) are responsible for preparing the trustees' annual report including the strategic report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the charitable company, and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the trustees are required to:

- Select suitable accounting policies and then apply them consistently.
- Observe the methods and principles in the Charities SORP.
- Make judgements and estimates that are reasonable and prudent.
- State whether applicable UK Accounting Standards and statements of recommended practice have been followed, subject to any material departures disclosed and explained in the financial statements.

- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable 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 charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as, the trustees are aware:

- There is no relevant audit information of which the charitable company's auditor is unaware.
- The trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Trustees are appointed at the AGM which is attended by the charity's trustees. There is a current proposal to establish a membership body and if this is agreed, then in future trustees will be appointed by members. There were 6 trustees in the year 21/2022 (20/2021:11).

The trustees' annual report has been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The trustees' annual report has been approved by the trustees on **12 December 2022** and signed on their behalf by

David Tucker
Chair of Trustees

Sue Roberts,
Chief Executive Officer

Independent auditor's report

To the members of

Birmingham Industrial Therapy Association Limited

Opinion

We have audited the financial statements of Birmingham Industrial Therapy Association Limited (the 'charitable company') for the year ended 31 March 2022 which comprise the statement of financial activities, balance sheet, statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- Give a true and fair view of the state of the charitable company's affairs as at 31 March 2022 and of its incoming resources and application of resources, including its income and expenditure for the year then ended
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- Have been prepared in accordance with the requirements of the Companies Act 2006

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' 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 Birmingham Industrial Therapy Association Limited'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 trustees with respect to going concern are described in the relevant sections of this report.

Independent auditor's report

To the members of

Birmingham Industrial Therapy Association Limited

Other Information

The other information comprises the information included in the trustees' annual report other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- The information given in the trustees' annual report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The trustees' annual 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 charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' annual 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 trustees' 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 trustees' annual report and from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities set out in the trustees' annual report, the trustees (who are also the directors of the charitable company for the purposes of

Independent auditor's report

To the members of

Birmingham Industrial Therapy Association Limited

company law) 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 trustees 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 trustees are responsible for assessing the charitable 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 trustees either intend to liquidate the charitable 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 are set out below.

Capability of the audit in detecting irregularities

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

- We enquired of management, and the finance committee, which included obtaining and reviewing supporting documentation, concerning the charity's policies and procedures relating to:
- Identifying, evaluating, and complying with laws and regulations and whether they were aware of any instances of non-compliance;
- Detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected, or alleged fraud;
- The internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- We inspected the minutes of meetings of those charged with governance.
- We obtained an understanding of the legal and regulatory framework that the charity operates in, focusing on those laws and regulations that had a material effect on the financial statements or that had a fundamental effect on the operations of the charity from our professional and sector experience.

Independent auditor's report

To the members of

Birmingham Industrial Therapy Association Limited

- We communicated applicable laws and regulations throughout the audit team and remained alert to any indications of non-compliance throughout the audit.
- We reviewed any reports made to regulators.
- We reviewed the financial statement disclosures and tested these to supporting documentation to assess compliance with applicable laws and regulations.
- We performed analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments, assessed whether the judgements made in making accounting estimates are indicative of a potential bias and tested significant transactions that are unusual or those outside the normal course of business.

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 is available 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 charitable 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 charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Fleur Holden (Senior statutory auditor)

19 December 2022

for and on behalf of Sayer Vincent LLP, Statutory Auditor

Invicta House, 108–114 Golden Lane, LONDON, EC1Y 0TL

Birmingham Industrial Therapy Association Limited

Statement of financial activities (incorporating an income and expenditure account)

For the year ended 31 March 2022

		Unrestricted £	Restricted £	2022 Total £	2021 Total £
	Note				
Income from:					
Donations and grants	3	24,627	94,440	119,067	56,485
Charitable activities					
Recovery and Employment	4	512,741	–	512,741	2,263,439
Social Enterprise – Better Assembly Services	4	131,984	–	131,984	137,573
Social Enterprise – Express Signs	4	147,399	–	147,399	95,036
Bank Interest		84	–	84	60
Total income		<u>816,835</u>	<u>94,440</u>	<u>911,275</u>	<u>2,552,593</u>
Expenditure on:					
Charitable activities					
Recovery and Employment	5	721,402	–	721,402	2,191,261
Social Enterprise – Better Assembly Services	5	193,328	10,638	203,967	234,745
Social Enterprise – Express Signs	5	108,968	–	108,968	93,908
Total expenditure		<u>1,023,698</u>	<u>10,638</u>	<u>1,034,336</u>	<u>2,519,913</u>
Net movement in funds	19	<u>(206,863)</u>	<u>83,802</u>	<u>(123,062)</u>	<u>32,680</u>
Reconciliation of funds:					
Total funds brought forward		556,984	33,193	590,177	557,497
Total funds carried forward		<u><u>350,121</u></u>	<u><u>116,995</u></u>	<u><u>467,115</u></u>	<u><u>590,177</u></u>

All of the above results are derived from continuing activities, except where shown. There were no other recognised gains or losses other than those stated above. Movements in funds are disclosed in Note 20 to the financial statements.

Balance sheet

As at 31 March 2022

	Note	£	2022 £	£	2021 £
Fixed assets:					
Tangible assets	11		<u>194,766</u>		<u>227,616</u>
			194,766		227,616
Current assets:					
Stock	12	5,466		6,219	
Debtors	13	325,506		208,690	
Short term deposit		–		75,829	
Cash at bank and in hand		<u>170,042</u>		<u>359,201</u>	
		501,014		649,939	
Liabilities:					
Creditors: amounts falling due within one year	14	<u>178,664</u>		<u>237,378</u>	
Net current assets			<u>322,350</u>		<u>412,561</u>
Total assets less current liabilities			517,116		640,177
Creditors: amounts falling due after one year	16		(50,000)		(50,000)
Total net assets			<u><u>467,115</u></u>		<u><u>590,177</u></u>
The funds of the charity:	19				
Restricted income funds			116,995		33,193
Unrestricted income funds:					
Designated funds		185,815		217,375	
General funds		<u>164,306</u>		<u>339,609</u>	
Total unrestricted funds			350,121		556,984
Total charity funds			<u><u>467,115</u></u>		<u><u>590,177</u></u>

Approved by the trustees on 12 December 2022 and signed on their behalf by

David Tucker
Chair

Birmingham Industrial Therapy Association Limited

Statement of cash flows

For the year ended 31 March 2022

	Note	2022 £	£	2021 £	£
Cash flows from operating activities					
Net cash used in operating activities	21		(264,334)		23,078
Cash flows from investing activities:					
Interest received		84		60	
Purchase of fixed assets		(738)		(23,260)	
Net cash used in investing activities			(654)		(23,200)
Cash flows from financing activities:					
Cash inflows from new borrowing			–		50,000
Change in cash and cash equivalents in the year			(264,988)		49,878
Cash and cash equivalents at the beginning of the year			435,030		385,152
Cash and cash equivalents at the end of the year			170,042		435,030

Analysis of cash and cash equivalents and of net debt

	At 1 April 2021 £	Cash flows £	At 31 March 2022 £
Cash at bank and in hand	359,201	(189,159)	170,042
Short term deposits	75,829	(75,829)	–
Total cash and cash equivalents	435,030	(264,988)	170,042
Loans falling due after more than one year	(50,000)	–	(50,000)
Total	385,030	(264,988)	120,042

Notes to the financial statements

For the year ended 31 March 2022

1 Accounting policies

a) Statutory information

Birmingham Industrial Therapy Association Limited is a charitable company limited by guarantee and is incorporated in the United Kingdom. The registered office address and principal place of business is 201–206 Alcester Street, Digbeth, Birmingham, B12 0NQ.

b) Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) – (Charities SORP FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy or note.

In applying the financial reporting framework, the trustees have made a number of subjective judgements, for example in respect of significant accounting estimates. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The nature of the estimation means the actual outcomes could differ from those estimates. Any significant estimates and judgements affecting these financial statements are detailed within the relevant accounting policy below.

c) Public benefit entity

The charitable company meets the definition of a public benefit entity under FRS 102.

d) Going concern

The trustees consider that there are no material uncertainties about the charitable company's ability to continue as a going concern as explained in the trustees' annual report. The trustees do not consider that there are any sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

e) Income

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the income have been met, it is probable that the income will be received and that the amount can be measured reliably.

Income from government and other grants, whether 'capital' grants or 'revenue' grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

Income received in advance of the provision of a specified service is deferred until the criteria for income recognition are met.

f) Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

g) Fund accounting

Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure which meets these criteria is charged to the fund.

Unrestricted funds are donations and other incoming resources received or generated for the charitable purposes.

Designated funds are unrestricted funds earmarked by the trustees for particular purposes.

h) Expenditure and irrecoverable VAT

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

- Expenditure on charitable activities includes the costs of providing education, volunteering and employment services to the service users undertaken to further the purposes of the charity and their associated support costs
- Other expenditure represents those items not falling into any other heading

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

i) Allocation of support costs

Resources expended are allocated to the particular activity where the cost relates directly to that activity. However, the cost of overall direction and administration of each activity, comprising the salary and overhead costs of the central function, is apportioned on the following basis which are an estimate, based on staff time, of the amount attributable to each activity. Where information about the aims, objectives and projects of the charity is provided to potential beneficiaries, the costs associated with this publicity are allocated to charitable expenditure. Where such information about the aims, objectives and projects of the charity is also provided to potential donors, activity costs are apportioned between fundraising and charitable activities on the basis of staff time by each activity.

- | | |
|--|-----|
| • Recovery and Employment | 72% |
| • Social Enterprise – Better Assembly Services | 18% |
| • Social Enterprise – Express Signs | 10% |

Notes to the financial statements

For the year ended 31 March 2022

1 Accounting policies (continued)

j) Operating leases

Rental charges are charged on a straight line basis over the term of the lease.

k) Tangible fixed assets

Items of equipment are capitalised where the purchase price exceeds £250. Depreciation costs are allocated to activities on the basis of the use of the related assets in those activities. Assets are reviewed for impairment if circumstances indicate their carrying value may exceed their net realisable value and value in use.

Depreciation is provided at rates calculated to write down the cost of each asset to its estimated residual value over its expected useful life. The depreciation rates in use are as follows:

● Freehold Building	50 years
● Motor Vehicles, Computer Equipment	4 years
● Plant, Fixture and Fittings	10 years

l) Stocks

Stocks are stated at the lower of cost and net realisable value. In general, cost is determined on a first in first out basis and includes transport and handling costs. Net realisable value is the price at which stocks can be sold in the normal course of business after allowing for the costs of realisation. Provision is made where necessary for obsolete, slow moving and defective stocks. Donated items of stock, held for distribution or resale, are recognised at fair value which is the amount the charity would have been willing to pay for the items on the open market.

m) Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

n) Short term deposits

Short term deposits includes cash balances that are invested in accounts with a maturity date of between 3 and 12 months.

o) Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

p) Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

q) Financial Instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

r) Pensions

The charity has a NEST pension scheme to offer all employees. The charity is contributing a minimum employer contribution percentage into the scheme set by the Pension Regulator.

2 Detailed comparatives for the statement of financial activities (prior year)

	Unrestricted activities £	Restricted continuing activities £	2021 Total £
Income from:			
Donations and grants	36,485	20,000	56,485
Charitable activities:			
Recovery and Employment	2,213,454	49,985	2,263,439
Social Enterprise – Better Assembly Services	108,559	29,014	137,573
Social Enterprise – Express Signs	95,036	–	95,036
Bank interest	60	–	60
Total income	2,453,594	98,999	2,552,593
Expenditure on:			
Charitable activities:			
Recovery and Employment	2,141,276	49,985	2,191,261
Social Enterprise – Better Assembly Services	199,908	34,837	234,745
Social Enterprise – Express Signs	93,908	–	93,908
Total expenditure	2,435,091	84,822	2,519,913
Net income for the year	18,503	14,177	32,680

Notes to the financial statements

For the year ended 31 March 2022

3 Income from donations

	Unrestricted £	Restricted £	2022 Total £	Unrestricted £	Restricted £	2021 Total £
Grants recieved	20,000	94,440	114,440	-	20,000	20,000
Donations	4,627	-	4,627	-	-	-
Covid Relief Funding	-	-	-	32,500	-	32,500
Coronavirus Job Retention Scheme income	-	-	-	3,985	-	3,985
	<u>24,627</u>	<u>94,440</u>	<u>119,067</u>	<u>36,485</u>	<u>20,000</u>	<u>56,485</u>

4a Income from charitable activities (current year)

	Unrestricted continuing activities £	Restricted continuing activities £	2022 Total £	2021 Total £
European Social Fund – Disability Inclusion Pathway	119,850	-	119,850	-
Birmingham Solihull Mental Health Trust – Respite	72,000	-	72,000	-
Birmingham Solihull Mental Health Trust – Veteran	96,025	-	96,025	91,275
Birmingham City Council – Youth Promise Plus	170,571	-	170,571	106,096
Other	54,295	-	54,295	3,689
Birmingham City Cross CCG Funding	-	-	-	2,012,394
Grant funding for core activities	-	-	-	49,985
Total for Recovery and Employment	<u>512,741</u>	<u>-</u>	<u>512,741</u>	<u>2,263,439</u>
Birmingham City Council Day Care	7,206	-	7,206	6,722
Earned Income	124,778	-	124,778	130,851
Total for Social Enterprise – Better Assembly Services	<u>131,984</u>	<u>-</u>	<u>131,984</u>	<u>137,573</u>
Birmingham Solihull Mental Health Trust	129,046	-	129,046	81,313
Earned Income	18,353	-	18,353	13,723
Total for Social Enterprise – Express Signs	<u>147,399</u>	<u>-</u>	<u>147,399</u>	<u>95,036</u>
Total income from charitable activities	<u>792,124</u>	<u>-</u>	<u>792,124</u>	<u>2,496,048</u>

4b Income from charitable activities (prior year)

	Unrestricted continuing activities £	Restricted continuing activities £	2021 Total £	2020 Total £
Birmingham City Cross CCG Funding	2,012,394	-	2,012,394	2,023,539
Grant funding for core activities	-	49,985	49,985	13,000
Other	3,689	-	3,689	29,423
Birmingham City Council– Neurodiverse	-	-	-	55,000
Prospects – Thrive into Work	-	-	-	145,238
Birmingham Solihull Mental Health Trust	91,275	-	91,275	80,894
Birmingham City Council –Youth Promise Plus	106,096	-	106,096	-
Mental Health First Aid Training	-	-	-	45,674
Total for Recovery and Employment	<u>2,213,454</u>	<u>49,985</u>	<u>2,263,439</u>	<u>2,392,768</u>
Birmingham and Sandwell Councils	6,722	-	6,722	7,651
Earned Income	101,837	29,014	130,851	140,935
Total for Social Enterprise– Better Assembly Services	<u>108,559</u>	<u>29,014</u>	<u>137,573</u>	<u>148,586</u>
Birmingham Solihull Mental Health Trust	81,313	-	81,313	53,000
Earned Income	13,723	-	13,723	16,393
Total for Social Enterprise– Express Signs	<u>95,036</u>	<u>-</u>	<u>95,036</u>	<u>69,393</u>
Total income from charitable activities	<u>2,417,049</u>	<u>78,999</u>	<u>2,496,048</u>	<u>2,610,747</u>

Notes to the financial statements

For the year ended 31 March 2022

5a Analysis of expenditure (current year)

	Charitable activities						
	Recovery and Employment £	Social Enterprise – Better Assembly Services £	Social Enterprise – Express Signs £	Governance costs £	Support costs £	2022 Total £	2021 Total £
Staff costs (Note 7)	309,564	79,968	42,820	–	235,574	667,926	1,003,980
Delivery by other partners	70,076	–	–	–	–	70,076	1,171,590
Material	–	365	10,263	–	–	10,628	3,392
Recruitment and Training	2,565	1,766	323	–	3,093	7,746	12,183
Client and Participant Expenses	2,008	24,321	854	–	–	27,183	22,985
Staff Travel and Motor Expenses	2,946	7,037	–	–	1,664	11,647	10,152
Marketing, Print and Stationery	2,689	1,133	433	–	–	4,255	5,222
ICT and Communication	23,513	7,724	3,786	–	24,619	59,643	92,325
Consultancy and Professional Fees	24,276	1,192	2,584	–	5,973	34,025	45,023
Utilities	9,334	4,569	–	–	5,201	19,104	18,905
Premises Cost and Insurance	22,173	9,266	15,548	–	10,040	57,027	58,441
Sundry Expenses	2,379	795	–	–	5,415	8,589	10,143
Audit Fee	–	–	–	8,600	–	8,600	8,210
Bank Charges	518	170	83	–	288	1,059	408
Non Recoverable VAT	9,636	–	–	–	3,604	13,240	19,375
Depreciation	6,411	5,391	–	–	21,786	33,588	37,579
	488,088	143,696	76,695	8,600	317,257	1,034,336	2,519,913
Support costs	227,156	58,680	31,421	–	(317,257)	–	–
Governance costs	6,158	1,591	852	(8,600)	–	–	–
Total expenditure 2022	721,402	203,967	108,968	–	–	1,034,336	
Total expenditure 2021	2,191,261	234,745	93,908	–	–		2,519,913

5b Analysis of expenditure (prior year)

	Charitable activities						
	Recovery and Employment £	Social Enterprise – Better Assembly Services £	Social Enterprise – Express Signs £	Governance costs £	Support costs £	2021 Total £	
Staff costs (Note 7)	669,416	91,933	43,000	–	199,631	1,003,980	
Delivery by other partners	1,171,590	–	–	–	–	1,171,590	
Material	–	22	3,370	–	–	3,392	
Recruitment and Training	8,440	150	–	–	3,593	12,183	
Client and Participant Expenses	6,219	16,059	707	–	–	22,985	
Staff Travel and Motor Expenses	1,303	8,848	–	–	–	10,152	
Marketing, Print and Stationery	3,454	752	251	–	765	5,222	
ICT and Communication	66,273	6,951	3,931	–	15,170	92,325	
Consultancy and Professional Fees	32,572	370	–	–	12,081	45,023	
Utilities	12,351	3,250	–	–	3,304	18,905	
Premises Cost and Insurance	26,966	9,736	15,025	–	6,714	58,441	
Sundry Expenses	6,626	1,744	–	–	1,773	10,143	
Audit Fee	–	–	–	8,210	–	8,210	
Bank Charges	267	47	23	–	71	408	
Non Recoverable VAT	15,790	1,122	222	–	2,241	19,375	
Depreciation	11,197	6,149	–	–	20,234	37,579	
	2,032,464	147,133	66,529	8,210	265,577	2,519,913	
Support costs	154,035	84,985	26,558	–	(265,577)	–	
Governance costs	4,762	2,627	821	(8,210)	–	–	
Total expenditure 2021	2,191,261	234,745	93,908	–	–	2,519,913	

Notes to the financial statements

For the year ended 31 March 2022

6 Net income / (expenditure)

This is stated after charging:

	2022 £	2021 £
Depreciation	33,588	37,579
Operating lease rentals:		
Other	14,347	14,347
Auditors' remuneration (excluding VAT):		
Audit	8,600	8,210

7 Analysis of staff costs, trustee remuneration and expenses, and the cost of key management personnel

Staff costs were as follows:

	2022 £	2021 £
Salaries and wages	562,381	870,588
Redundancy and termination costs	3,000	–
Social security costs	48,904	73,390
Other Staff Costs	42,820	43,000
Employer's contribution to defined contribution pension schemes	10,821	17,003
	<u>667,926</u>	<u>1,003,980</u>

In 2022 2 employees were made redundant (2021: 0). Redundancy and termination costs of £3,000 (2021: £nil) were settled and paid during the year.

The total employee benefits (including employer's pension contributions and employer's national insurance) of the key management personnel were £56,992 (2021: £79,761).

The charity trustees were not paid or received any other benefits from employment with the charity in the year (2021: £nil). No charity trustee received payment for professional or other services supplied to the charity (2021: £nil). No trustees' expenses were paid in 2022 and 2021.

8 Staff numbers

The average number of employees (head count based on number of staff employed) during the year was as follows:

	2022 No.	2021 No.
Recovery & Employment	12.4	25.8
Social Enterprise– Better Assembly Services	4.1	4.0
Support	6.9	6.1
	<u>23.4</u>	<u>35.9</u>

9 Related party transactions

Aggregated donations from related parties were £nil (2021: £nil). There are no donations from related parties which are outside the normal course of business and no restricted donations from related parties.

Martin Commander, Vice Chair Board of Trustees is a paid consultant to Birmingham Solihull Mental Health Trust (BSMHFT). During the year the charity received income of £297,071 (2021: £172,588) from BSMHFT which was provided on an arms length basis.

10 Taxation

The charitable company is exempt from corporation tax as all its income is charitable and is applied for charitable purposes.

Notes to the financial statements

For the year ended 31 March 2022

11 Tangible fixed assets

	Freehold property £	Plant, fixtures and fittings £	Computer equipment £	Total £
Cost				
At the start of the year	312,910	305,330	196,668	814,908
Additions in year	–	–	738	738
At the end of the year	<u>312,910</u>	<u>305,330</u>	<u>197,406</u>	<u>815,646</u>
Depreciation				
At the start of the year	160,658	263,856	162,777	587,292
Charge for the year	6,494	9,052	18,043	33,588
At the end of the year	<u>167,152</u>	<u>272,908</u>	<u>180,820</u>	<u>620,880</u>
Net book value				
At the end of the year	<u>145,758</u>	<u>32,422</u>	<u>16,586</u>	<u>194,766</u>
At the start of the year	<u>152,252</u>	<u>41,474</u>	<u>33,890</u>	<u>227,616</u>

Land with a value of £36,625 (2020: £36,625) is included within freehold property and not depreciated.

All of the above assets are used for charitable purposes.

12 Stock

	2022 £	2021 £
Finished goods	<u>5,466</u>	<u>6,219</u>

13 Debtors

	2022 £	2021 £
Trade debtors	168,953	83,320
Prepayments	8,658	31,684
Accrued income	<u>147,895</u>	<u>93,686</u>
	<u>325,506</u>	<u>208,690</u>

All of the charity's financial instruments, both assets and liabilities, are measured at amortised cost. The carrying values of these are shown above and also in note 14 below.

14 Creditors: amounts falling due within one year

	2022 £	2021 £
Trade creditors	25,986	164,921
Taxation and social security	26,113	40,489
Accruals	114,012	15,439
Deferred income (note 15)	<u>12,554</u>	<u>16,529</u>
	<u>178,664</u>	<u>237,378</u>

15 Deferred income

Deferred income comprises participant costs received in advance.

	2022 £	2021 £
Balance at the beginning of the year	16,529	21,829
Amount released to income in the year	<u>(3,975)</u>	<u>(5,300)</u>
	<u>12,554</u>	<u>16,529</u>

16 Creditors: amounts falling due after one year

	2022 £	2021 £
Bank loans	<u>50,000</u>	<u>50,000</u>

The Bounce Bank Loan totalling £50,000 (2021: £50,000) is unsecured. The terms of the loan are 72 months with an interest rate of 2.5%. No payment is required for the first 12 months and monthly loan repayments will commence 13 months after the loan was approved. Repayment of the loan will commence April 2022.

17 Pension Scheme

The charity offers an auto-enrolment into the NEST pension scheme. At the end of the year the liability of the NEST pension scheme was £2,219 (2021: £4,151).

Past and present employees are covered by the provisions of the two NHS Pension Schemes. Details of the benefits payable and rules of the Schemes can be found on the NHS Pensions website at www.nhsbsa.nhs.uk/pensions. Both are unfunded defined benefit schemes that cover NHS employers, GP practices and other bodies, allowed under the direction of the Secretary of State in England and Wales. They are not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, each scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS body of participating in each scheme is taken as equal to the contributions payable to that scheme for the accounting period. In order that the defined benefit obligations recognised in the financial statements do not differ materially from those that would be determined at the reporting date by a formal actuarial valuation, the FReM requires that "the period between formal valuations shall be four years, with approximate assessments in intervening years". An outline of these follows:

a) Accounting valuation

The present value of the liabilities as at 31 March 2022 has been determined using the Projected Unit Credit Method (PUCM), with allowance for expected future pay increases in respect of active members, and the demographic and financial assumptions applying as at 31 March 2022. The current service cost (expressed as a percentage of pensionable pay) in respect of accruing costs in the year ended 31 March 2022 was determined using the PUCM and the demographic and financial assumptions applicable at the start of the year, that is, those adopted as at 31 March 2021 in the 2020-21 Annual Report and Accounts.

b) Full actuarial (funding) valuation

A full actuarial (funding) valuation is undertaken every four years and its purpose is to assess the liability in respect of the benefits due under the Schemes (taking into account recent demographic experience), and to recommend contribution rates payable by employees and employers. The latest actuarial valuation undertaken for the NHS Pension Scheme was completed as at 31 March 2016. The results of this valuation set the employer contribution rate payable from 1 April 2019 at 20.6% of member pensionable pay.

The 2016 funding valuation was also expected to test the cost of the Scheme relative to the employer cost cap set following the 2012 valuation, however, on 30 January 2019 the Government announced a pause to the cost control mechanism which was to form part of the valuation. This was due to the Court of Appeal ruling in December 2018 relating to the transitional protection offered to some members in the 2015 pension reforms. On 4 February 2021, the Government announced that the cost cap mechanism calculations would be completed allowing for the transitional protection remedy costs. HMT published valuation directions dated 7 October 2021 that set out the technical detail of how the costs of remedy are included in the 2016 valuation process. Following these directions, the Scheme Actuary has completed the cost control element of the 2016 valuation for the NHS Pension Scheme.

The results for the Scheme were set out in the Government Actuary's Department report of 7 February 2022, which stated that the cost cap cost was within the $\pm 2\%$ corridor specified in the HMT regulations and so no changes to benefits or member contributions were required.

The Government has set out changes to the operation of the employer cost cap that will be effective from the valuation of the Scheme as at 31 March 2020. The new mechanism will only allow for the reformed Scheme, will have an increased cost cap corridor of $\pm 3\%$ and will also now include an economic check, which means that a breach would only result in changes if there was still a breach once the impact of any change in the discount rate has been taken into account.

The 2020 valuation will set the employer contribution rate payable from April 2024 and test the cost of the Scheme relative to the employer cost cap. This 2020 valuation is currently in progress and will be based upon further valuation directions provided by HMT. The final directions to enable completion of the 2020 valuation are expected from HM Treasury during 2022. The results of the 2020 valuation including the employer cost cap will be reported in the 2022-23 NHS Pension Scheme Annual Reports.

In December 2021 several unions filed for a joint Judicial Review against the Government on the inclusion of the McCloud remedy costs within the cost control mechanism. On 4 July 2022 the Judicial Review was granted permission to be heard, with no further detail currently available on the timeline for a hearing. Even if the Judicial Review is successful, it is unclear what remedy the court may order, and the Government would then need to consider how to proceed following that. Any attempt to predict such outcomes, such as any impact on Scheme liabilities, would be highly speculative at this stage.

Notes to the financial statements

For the year ended 31 March 2022

18a Analysis of net assets between funds (current year)

	General unrestricted £	Designated £	Restricted £	Total funds £
Tangible fixed assets	-	165,815	28,951	194,766
Net current assets	214,306	20,000	88,043	322,350
Long term liabilities	(50,000)	-	-	(50,000)
Net assets at 31 March 2022	164,306	185,815	116,995	467,116

18b Analysis of net assets between funds (prior year)

	General unrestricted £	Designated £	Restricted £	Total funds £
Tangible fixed assets	-	197,375	30,241	227,616
Net current assets	389,609	20,000	2,952	412,561
Long term liabilities	(50,000)	-	-	(50,000)
Net assets at 31 March 2021	339,609	217,375	33,193	590,177

19a Movements in funds (current year)

	At 1 April 2021 £	Income £	Expenditure £	Transfers £	At 31 March 2022 £
Restricted funds:					
Freehold Property	24,253	-	(1,034)	-	23,219
ERDF Catalysts Enterprises Grant	5,988	-	(255)	-	5,733
The Rowlands Trust	2,100	-	-	-	2,100
Eveson Charitable Trust	-	10,000	(5,505)	-	4,495
MIND Charity (Stay well programme)	-	1,992	(1,992)	-	-
Edward and Dorothy Cadbury Trust	-	2,000	-	-	2,000
Prince's Charities	-	3,000	-	-	3,000
Roger and Douglas Trust	-	3,000	-	-	3,000
G J W Turner Trust	-	3,000	-	-	3,000
CB & HH Taylor 1984	-	1,000	-	-	1,000
The Grimmitt Trust	-	2,000	-	-	2,000
Radcliffe Trust Grant	-	5,000	-	-	5,000
Warwick Masonic Trust	-	1,000	-	-	1,000
The Rowlands Trust	-	2,000	-	-	2,000
National Lottery Fund	-	9,448	-	-	9,448
Football Foundation	-	1,000	(1,000)	-	-
Allison Hillman Charitable Trust	-	1,000	-	-	1,000
William A. Cadbury Trust	-	15,000	-	-	15,000
Resonance Grant	-	34,000	-	-	34,000
Other Small Restricted Grants	852	-	(852)	-	-
Total restricted funds	33,193	94,440	(10,638)	-	116,995
Unrestricted funds:					
Designated funds:					
Tangible Fixed Assets Funds	197,375	-	(32,298)	738	165,815
Future Investment for Social Enterprises	10,000	-	-	-	10,000
Premises Improvement Fund	10,000	-	-	-	10,000
Total designated funds	217,375	-	(32,298)	738	185,815
General funds	339,609	816,835	(991,399)	(738)	164,306
Total unrestricted funds	556,984	816,835	(1,023,698)	-	350,121
Total funds at 31 March 2022	590,177	911,275	(1,034,336)	-	467,115

Notes to the financial statements

For the year ended 31 March 2022

19b Movements in funds (prior year)

	At 1 April 2020 £	Income £	Expenditure £	Transfers £	At 31 March 2021 £
Restricted funds:					
Freehold Property	25,520	-	(1,267)	-	24,253
ERDF Catalysts Enterprises Grant	7,744	-	(1,756)	-	5,988
The Rowlands Trust	2,400	-	(300)	-	2,100
Western Power Community Foundation	-	1,000	(1,000)	-	-
National Lottery Community Fund	1,000	-	(1,000)	-	-
MIND Charity	-	17,932	(17,932)	-	-
GJW Turner Trust	-	2,000	(2,000)	-	-
Living Well Grants	-	2,500	(2,500)	-	-
Severn Trent Water	-	2,000	(2,000)	-	-
Bailey Thomas Charitable Trust	-	4,000	(4,000)	-	-
Julia and Hans Rausing Trust	-	23,553	(23,553)	-	-
The Edward Gostling Foundation	-	5,000	(5,000)	-	-
The David Solomons Charitable Trust	-	1,000	(1,000)	-	-
CAF Resilience Fund	-	17,014	(17,014)	-	-
Souter Charitable Trust	-	2,000	(2,000)	-	-
Jackie Noughton	-	20,000	-	(20,000)	-
Other Small Restricted Grants	2,352	1,000	(2,500)	-	852
Total restricted funds	39,016	98,999	(84,822)	(20,000)	33,193
Unrestricted funds:					
Designated funds:					
Tangible Fixed Assets Funds	208,671	-	(34,556)	23,260	197,375
Future Investment for Social Enterprises	10,000	-	-	-	10,000
Premises Improvement Fund	10,000	-	-	-	10,000
Total designated funds	228,671	-	(34,556)	23,260	217,375
General funds	289,810	2,453,594	(2,400,535)	(3,260)	339,609
Total unrestricted funds	518,481	2,453,594	(2,435,091)	20,000	556,984
Total funds at 31 March 2021	557,497	2,552,593	(2,519,913)	-	590,177

20a Purposes of restricted funds

Freehold Property: Funding received from The Big Lottery Fund for improvement to the reception area of the Digbeth premises. Depreciation will be charged to this fund.

ERDF Catalyst Enterprise Grant: This grant was matched funded and assisted us to fund capital items and some salary for Production Assembly Services social enterprise.

The Rowlands Trust: The funds were donated towards a new heating system for Better Assembly Services.

The Allison Hillman Charitable trust, The Rowlands trust, CB & HH Taylor 194, and Edward & Dorothy Cadbury Trust: These funds were donated towards a counselling service for service users in Better Assembly Services.

William A. Cadbury Trust: The funds were donated towards a wellbeing centre for service users in Better Assembly Services.

The Grimmitt Trust and Eveson Charitable Trust: The funds were donated towards hiring a support coordinator for the service users. The post was filled in August 2021.

The National Lottery Fund, Radcliffe Trust Grant and Roger & Douglas Trust: The funds were donated to fund a therapeutic carpentry programme at the Woodcraft Centre, located within Better Assembly Services.

Prince's Charities: Money towards the costs of the therapeutic work and training programme in Better Assembly Services.

Football Foundation: The funds were donated towards the running of our football team.

MIND Charity (Stay Well Programme): The funds were donated towards the stay well programme.

Resonance Grant: Money specifically for the business development of Express Signs.

Small Restricted Grants: These small grants were given to support travel for our service users and their day to day activities.

Notes to the financial statements

For the year ended 31 March 2022

20b Purpose of designated funds

Tangible Fixed Assets fund: This fund represents the net book value of fixed assets purchased through general funds. Depreciation will be charged against this fund.

Future Investment for Enterprises: The trustees have agreed not to utilise the funds this financial year.

Premises Improvement Fund: The purpose of this designated fund is to make improvement to the premises in Digbeth. The trustees have agreed not to utilise the funds this financial year.

The funds allocated to designated funds will be used solely for investment in charitable activities. Investment will improve the services on offer and support new investments in the future.

21 Reconciliation of net income / (expenditure) to net cash flow from operating activities

	2022 £	2021 £
Net income / (expenditure) for the reporting period (as per the statement of financial activities)	(123,062)	32,680
Depreciation charges	33,588	37,579
Bank interest	(84)	(60)
Decrease in stocks	753	(1,489)
Increase in debtors	(116,816)	(52,668)
Increase in creditors	(58,714)	7,036
Net cash provided by / (used in) operating activities	(264,334)	23,078

22 Operating lease commitments

The charity's total future minimum lease payments under non-cancellable operating leases is as follows:

	Equipment 2022 £	2021 £
Less than one year	8,977	14,347
One to five years	5,961	9,935
	14,938	24,281

23 Legal status of the charity

The charity is a company limited by guarantee and has no share capital. The liability of each member in the event of winding up is limited to £1.

BIRMINGHAM INDUSTRIAL THERAPY ASSOCIATION LIMITED

England & Wales - Charity number 244866

Accounts

Company number: 748773

Charity Number: 244866

Birmingham Industrial Therapy Association Limited

Report and financial statements
For the year ended 31 March 2021

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For the year ended 31 March 2021

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Birmingham Industrial Therapy Association Limited

Reference and administrative information

For the year ended 31 March 2021

Company number 748773
Country of incorporation United Kingdom

Charity number 244866
Country of registration England & Wales

Operating Name: BETTER Pathways

Registered office and operational address
201–206 Alcester Street
Digbeth
Birmingham
B12 0NQ

Trustees Trustees, who are also directors under company law, who served during the year and up to the date of this report were as follows:

	Mr Simon Lawrence	Chair
	Mr Ben Brittain	
	Dr Martin Commander	
	Ms Chaitali Desai	
	Ms Janine Garvie–Cole	
	Mr Jordan Kirkwood	
	Mr Les A Latchman	
	Ms Ranjit Nall	
	Mr Jagvir Purewal	
	Ms Diane Ryles	
	Mr Mike Smith	Resigned 15 January 2021
Mr Miles Parker	Appointed	15 January 2021
Mr David Tucker	Appointed	15 January 2021

Key management Personnel Ms Sue Roberts Chief Executive and Company Secretary

Bankers

CAF Bank Ltd 25 Kings Hill Avenue Kings Hill, West Mailing Kent ME19 4JQ	Unity Trust Bank Four Brindley Place Birmingham B1 2JB
Lloyds Bank PO Box 1000 Andover BX1 1LT	

Birmingham Industrial Therapy Association Limited

Reference and administrative information

For the year ended 31 March 2021

Solicitor	Shakespeares Legal LLP Somerset House Temple Street Birmingham B2 5DJ
Auditor	Sayer Vincent LLP Chartered Accountants and Statutory Auditor Invicta House 108-114 Golden Lane LONDON EC1Y 0TL

Trustees' annual report

For the year ended 31 March 2021

The trustees present their report and the audited financial statements for the year ended 31 March 2021.

Reference and administrative information set out on pages 1 and 2 forms part of this report. The financial statements comply with current statutory requirements, the requirements of a directors' report as required under company law, the memorandum and articles of association and the Statement of Recommended Practice – Accounting and Reporting by Charities: SORP applicable to charities preparing their accounts in accordance with FRS 102.

Aims

The aims of the Charity are set out in the Articles of Association. Our overarching purpose is *to improve the well-being of people experiencing poor mental health through volunteering, work experience, employment, training and a range of therapeutic activities with the aim of growing a person's sense of self-esteem, confidence and independence*. The Charity's objects are specifically restricted to the following:

1. To work in partnership with people with mental health conditions to assist and empower them in their recovery and improve their mental health and wellbeing
2. To help and support people with mental health conditions to find and keep suitable employment
3. To provide people with mental health conditions opportunities for volunteering, work experience, training and rewarding activities
4. To assist people with mental health conditions to find and take part in rewarding activities within their communities
5. To raise awareness of the importance of mental health with employers and others and promote the employment of people with mental health problems
6. To provide support to the carers of people with mental health conditions
7. To provide material support to people with mental health conditions who are volunteering or gaining work experience at the Charity in order to help them take part in the charity's activities.

Located in Alcester Street, Digbeth since 1973, Better Pathways supports some of the most vulnerable people in our communities, many of whom would have limited alternative sources of support were our services not available to them. Over the years, our client group has expanded. In addition to supporting people with serious mental illness, we support people with mild and moderate poor mental health and with learning disabilities and learning difficulties. We seek to understand what matters most to the people we support and to help them achieve person-centred plans that play to their strengths and develop their abilities so that their aspirations for the future can be achieved.

Trustees' annual report

For the year ended 31 March 2021

The Year: 2020/2021

The impact of Covid-19 on Better Pathways was significant. We were able successfully to continue delivering our statutory sector contracts remotely and to keep open our packing and assembly social enterprise in Digbeth. Keeping our social enterprise open allowed us to continue providing services as a supply chain partner to a manufacturer of clinical cubical curtains supplied to the health care sector. We were, however, unable to have service users (participants) on site owing to the restrictions placed upon us because of the pandemic. This was true also of our social enterprise in Solihull, Express Signs, which also stayed open. The impact on participants of not being able to attend Better Pathways and Express Signs was keenly felt. We conducted regular well-being calls with everyone and secured funding to deliver an on-line Stay Well Programme. Towards the end of the year, we were able to slowly welcome more people back to our sites. At the time of writing, upwards of 65 participants, just about half, are attending.

Our non-statutory sector trading income inevitably suffered because of reduced activity in our social enterprises, with companies for whom we work either ceasing trading or reducing their requirements. Income for our statutory contracts was unaffected. We ended the year with an overall surplus of £32,680.

Our IPS employment contract came up for re-tender and we spent several months preparing for tender submission, including for an external audit of our services. Sadly, we did not win the contract, it being won instead by a major, well-established, national organisation with a vastly bigger portfolio of public sector contracts. Our IPS staff transferred with the contract at the end of March 2021. Four have since returned to work on newly won contracts being delivered by Better Pathways.

Our Charitable Services

- **Better Assembly Services** our Digbeth based social enterprise continues to provide participants with valuable work experience, training, volunteering opportunities and personal development in the packing and assembly of a wide range of products for commercial companies. This work also includes labelling, re-labelling, repricing and flaw corrections.

Our Woodcraft Workshop produces items for sale made from reclaimed and donated timber. We are proud of our continuing connection with the Edinburgh Napier University, whose students designed products for our participants to craft based on a shared understanding of the skills, tools, and resources we have at our disposal. We are selling products made to the designs of the Edinburgh Napier University on our Etsy and Shopify sites.

The service focuses on improving participants' understanding of the world of work and of what employers want. They gain valuable experience in personal organisation (getting ready for 'work', packing lunches, travelling to a destination on time), and in following

instructions and delivering work related outputs. Ultimately participating in our social enterprise improves people's chances of securing paid employment.

- **Express Signs** a social enterprise in Solihull is managed by Better Pathways under an agreement with Birmingham and Solihull Mental Health Foundation Trust. The team at Express Signs specialises in the design and production of interior and exterior signage, tailored to the individual needs of customers. The team can craft interior and exterior signage, name badges, health and safety signage, vehicle graphics, promotional banners, large posters, vinyl lettering and corporate gifts. Services include engraving.

Our Statutory sector services

- **Individual Placement and Support employment services** provided under contract to Birmingham and Solihull Clinical Commissioning Group, were sustained throughout the pandemic. Our work on this contract involved supporting adults with poor mental health in Birmingham, Sandwell and Solihull to find and stay in work, working closely with Creative Support and Birmingham MIND and with NHS provider colleagues to do so. Inevitably, participation in this programme was significantly impacted because of the pandemic. Potential participants were reluctant to engage, especially in the first half of the year, and NHS clinics were conducted remotely with significantly reduced numbers of patients leading to far fewer referrals to the IPS service. We were proud to have been re-accredited as a Centre of Excellence for IPS services in September 2020. The findings of this external audit, undertaken by the Centre for Mental Health, were an indicator of the excellent quality of the services our team provided to clients in the most difficult of circumstances.
- **Day opportunities placements** continued to be commissioned by Birmingham City Council's Adult Social Care department. The four clients covered by this contract were supported, as were other clients in our social enterprise, through wellbeing calls and by the Stay Well programme.
- **Veteran Stabilisation Workers**, employed by Better Pathways since October 2018, continued to be employed by the charity during the year. Team members, embedded within the Complex Treatment Service in the Birmingham and Solihull Mental Health Trust, work on a 1:1 basis with veterans to help them access employment, education and training opportunities. Team members assists with access to housing and other community-based services and generally become a 'trusted friend' to veterans as they seek to establish a secure and stable life outside of the military.
- We were delighted to be awarded a **Youth Promise Plus (YPP) Mental Health Wrap Around Support** contract by Birmingham City Council. This contract began in May 2020 and was mobilised successfully despite the difficulties caused by the pandemic. Team members work on a 1:1 basis with young people experiencing mental health issues to help them stay engaged on employability programmes delivered by five YPP partner organisations in Birmingham.
- We are currently piloting a **Respite+** (discharge support) service, commissioned by Birmingham and Solihull Mental Health Trust. This pilot comes to an end in March 2022.

If the pilot evaluates well, then we will hope for this service to be commissioned going forward.

Other income generating services: Vulnerability Awareness Training

The charity launched a new offer aimed initially at the utility sector. Three modules of vulnerability awareness training have been developed that will support front-line agents to identify and support customers in situations of vulnerability who need tailored support to meet their needs. We were delighted to have Octopus Energy as our first customer. Additional training has been designed to support agents serving clients on the doorstep and their line managers.

At the time of writing, we are working with the Skills and Education Group to make this offer relevant within customer services qualification-based courses delivered in colleges and in the workplace.

Who benefits from our services?

Our social enterprise in Digbeth is currently supporting 65 people living in Birmingham and the immediately surrounding areas. This is fewer than in 2019/2020 (n = 136) because not all participants have yet returned, or will return, following the Covid-19 lockdown. It was not possible to run our work experience programme during the year. Its re-launch is imminent.

The people participating in our social enterprises attend to maintain good mental health and wellbeing with all having some form of learning difficulty and 10% having a diagnosed learning disability. In our **packing and assembly social enterprise**, males account for 82% of our 65 participants, females for 18%. Our oldest participant is in their 70s, our youngest in their 20s. Our two longest attending participants have been coming to the service for 40+ years; the shortest for one year.

The ethnic breakdown of our participants is as follows:

White British 62%; Mixed race Caribbean 1.5%; Mixed race Asian 1.5%; Chinese 1.5%; Asian 17%; Black African 1.5%; Black Caribbean 15%.

Express signs in Solihull, a much smaller service, supported nine people in the year 2019/2020.

Express Signs' participants come with a range of unique support needs and abilities. The service is attended by six males and one female. Participants range in age from 42 – 72.

The ethnic breakdown of our seven participants is as follows:

White British x 6; Mixed race Caribbean x 1

Trustees' annual report

For the year ended 31 March 2021

Our social impact

Better Pathways addresses important areas of public benefit. Unemployment in people with mental ill health is a major public health issue. Inactivity and social isolation associated with poor mental health blights the lives of sufferers and their families. We know that our work with participants succeeds in addressing the loneliness they would otherwise feel from being socially isolated, offering companionship, encouraging friendship, a sense of belonging and self-worth through all our activities.

What our participants say about us

We are proud to report below some of the positive feedback we have had from the people who participate in our services...



"As long as I have Woodcraft I am happy."

"I would love to be able to attend BAS three times a week, before BAS I was suicidal & never went out! BAS is a family environment, we support each other. BAS is a life saviour, has given me a sense of purpose."

A recent survey of half of the active participants revealed the following:

77% report an increased ability to make friends and build new relationships
68% report increased self confidence
74% feel supported
80% have a sense of belonging when attending our services
69% have increased ability and confidence to pick up new skills
51% indicate improved ability to deal with problems in life
63% have improved general happiness
63% have positive feelings and hope for the future

Case Study: Support for Carers

Feedback from the family of MS

How does M coming to BAS help your family?

MS currently lives with his mum as she is shielding from covid. MS used to come to the Better Pathways every day and is keen to return for more days. But now, he supports the family to look after his mum. His sister-in-law needs to do a school run at various times of the day. MS has a lot of support and Better Pathways sits nicely with the package of other support services throughout the week, such as a foot clinic on a Friday.

What have you noticed about M as a result of his coming to BAS?

M is a lot calmer since coming to Better Pathways. He is happier and doesn't suffer from depression and anxiety. At times a rainy day can make him anxious, following his traumatic experience from being caught in the Birmingham tornado in 2005. M really enjoys art and crafts, painting and cooking and in the past has given his sisters pieces of work that he has made, that they continue to cherish today.

Feedback from the family of KS

How does K coming to BAS help your family?

Mum and dad are K's main carers. Better Pathways has helped them to motivate their son into a daily routine. K had questioned why his brother was able to find work and he was not. K now feels that he is doing a similar life role to his brother.

What have you noticed about K as a result of his coming to BAS?

K would often become upset that he was not able to find work. Since starting at Better Pathways he has a purpose to get out of bed each day. If K didn't go to Better Pathways, they worry that he may start to self-harm. However, his mental health has stabilised, and K enjoys coming into Better Pathways as a form of exercise.

Economic impact: the value of our volunteer hours

'In 2019 there were an estimated 208,000 volunteers working in 9,000 community businesses across England. These volunteers contributed up to an estimated 18 million hours of time and £250 millions of services in 2019. Volunteers provide a wide variety of support to community businesses. In 2019 the estimated average equivalent market hourly wage rate across this range of activities was around £13.70. This is slightly above the UK median hourly earnings rate for all occupations of £13.20 (by 3.5 per cent).' *Power to Change Assessing the value of volunteers in Community Businesses [2020]*.

65 BAS volunteers (in packing and assembly and woodcraft) will undertake 31,700 hours of volunteering in the year to March 2022. Using the average equivalent market hourly wage rate of £13.70 we arrive at an annual economic value of our volunteering activity of £434,290.

In Express Signs, 3,168 hours will be volunteered, equating to a value of £43,402.

Financial results 2020/2021

Total income in the year decreased by 2.2% from £2,610,747 in 2019/20 to £2,552,593 in 2020/21. During the year income received from Birmingham and Solihull Clinical Commissioning Group decreased by 0.5% as planned income for IPS Wave 2 was expected to be lower. However, the total income for core activities remained unchanged during the year due to a 285% increase of grant funding for core activities.

Recovery and Employment income decreased by 39.6% from £326,806 to £197,371 mainly owing to the ending of the Neurodiverse programme in September 2019 and the Thrive into Work contract in March 2020. However, the award of the Youth Promise Plus contract in May 2020 generated income of £106,096 during the year.

Income for the social enterprise Better Assembly Services fell in the year resulting in an income reduction of 7.4%, from £148,586 in 2019/20 to £137,573 in 2020/21. The service's temporary closure part way through March because of COVID-19 contributed to this drop in sales.

The average number of employees increased from 31.8 to 35.8 in the year because of the recruitment to the Youth Promise Plus contract. During the year 2020/21, the staff retention improved significantly. There were 19 resignations in 2019/2020 and 5 in 2020/2021. This improvement was achieved because of there being a much stronger leadership team in place, including for Human Resources and Learning and Development. A reward and recognition strategy was introduced and this had a positive impact.

Despite a challenging year, due to the pandemic, Better Pathways can report a surplus year end position of £32,680, having total funds of £590,177 to carry forward at the year ended 31 March 2021. Of these funds, £33,193 are restricted, £217,375 designated unrestricted funds and £339,609 general unrestricted funds. The designated funds largely relate to the tangible fixed asset fund so do not form part of our calculation of free reserves. This fund represents the net book value of fixed assets purchased through general funds. Depreciation is charged against this fund.

Fundraising and Donations

We appointed a professional fundraiser who started at Better Pathways in September 2019. For the year 2020/21 our fundraiser raised £98,999 (2019/20: £33,000) from grant giving trusts and foundations. We are grateful to the funders who have responded so positively to our bids for support and we are pleased to acknowledge them later in this report.

In addition to the funds raised from grant giving trusts and foundations, we received Covid Relief Funding from Birmingham City Council of £32,500. During the year, a benefactress donated £20,000 which has enabled us to design a web-based platform to host our Vulnerability Awareness Training.

Trustees' annual report

For the year ended 31 March 2021

During the year we registered with the Fundraising Regulator and can confirm we have not received any complaints in the year. Currently, our fundraising activity is limited to the submission of bids to grant giving bodies. We do not raise funds from the general public, for example, through door-to-door canvassing, but were we ever to do so, we would ensure that we have policies and procedures in place to identify and protect people in situations of vulnerability.

Principal funding sources

In respect of our statutory sector contracts our sources of funding are:

- Birmingham and Solihull CCG for the Mental Health Recovery and Employment contract that started in April 2018
- Birmingham and Solihull Mental Health Foundation for the Veterans Stabilisation contract which commenced in October 2018
- Birmingham City Council for the Youth Promise Plus Wrap Around Support Services contract which commenced in May 2020

We are grateful to the following organisations for their generous grants in 2020/21. Funds from these organisations have helped us to deliver our various activities for the benefit of our service users:

- Western Power Community Foundation
- MIND Charity
- GJW Turner Trust
- Living Well Grants
- Severn Trent Water
- Bailey Thomas Charitable Trust
- Julia & Han Rausing Trust
- The Edward Gostling Foundation
- The David Solomons Charitable Trust
- CAF Resilience Fund
- Souter Charitable Trust
- Jacqueline Naughton
- Jarman Charitable Trust

Principal risks and mitigations

The Charity's principal risks are:

- A failure to maintain current customers and to grow the customer base in our social enterprises could undermine their viability.
 - We have restructured our social enterprise team and now have people identified with responsibility for customer relationship management and growth
 - We continue to enjoy pro bono support to assist with our social enterprise business growth plan.

Trustees' annual report

For the year ended 31 March 2021

- We continue to submit bids for funding to enable us to strengthen our social enterprise team.
 - We have developed a CRM system and will use it to reach out to potential customers. We will do this through our Better Pathways LinkedIn site also.
- A failure to maintain a portfolio of statutory sector contracts would have a significant impact on the Charity's financial position, reducing the contribution to overheads and margin.
 - We are actively seeking out opportunities to bid for new contracts (at the time of writing we have been mobilising a new ESF contract since July 2021).
 - We have secured an extension to the YPP contract to the end of June 2022 and will bid for a further extension to December 2023.
- A failure to develop other income streams will place pressure on the charity from its not being able to strengthen its facilities and general offer to current and potential new beneficiaries.
 - Opportunities for collaboration with third sector and other partners continue to be explored, for example, in back-office functions and shared accommodation.
 - We will build on the success of the vulnerability awareness training, developing the portfolio and marketing to new customers in new segments.
- A failure to maintain services to clients and customers because of the ongoing risk of Covid.
 - We continue to operate Covid safe practices in our building in line with government guidance.
 - We continue to offer clients choice in the way in which they are supported by our team members and have established systems in place for remote working and for conducting appointments with clients in open spaces.

Reserves policy and going concern

The trustees' policy is to maintain 90 days' expenditure in the general reserves to provide working capital and reserves for unforeseen reductions in cash flow. The general reserve on 31 March 2021 amounted to 136 days expenditure; last year this was standing at 51 days. The increase in the number of days is due to the decrease in direct costs and overheads because of the ending of the Mental Health, Recovery and Employment contract. Actions to continually improve our reserves balance are being addressed by the Board as set out elsewhere in this report.

In the year ended 31 March 2021, there was no expenditure from the Future Investment for Social Enterprises or Premises Improvement Funds. As a result of the pandemic the premises were underutilised and the social enterprises were operating on a reduced capacity.

The funds allocated to designated funds will be used solely for investment in charitable activities. Investment will improve the services on offer and support new investments in the future.

Our Plans

- We will agree plans for the development of our building, either improving our space and staying in Digbeth, or plan to sell and move elsewhere.
- We will continue to explore partnerships and to generate income from sharing our space.

Trustees' annual report

For the year ended 31 March 2021

- We will modernise our pathways of care in BAS/Woodcraft and Express Signs. Pathways will be developed in the following areas:
 - Short-term work experience programme (12 weeks) to include external volunteering and work experience placements (1 week), to lead to employment, education, and training. Our aim is that at least 50% of social enterprise participants progress through these vocational pathways.
 - Longer-term bone fide volunteering for participants who do not wish to move into employment, education, or training and who want to undertake 'work' activities in our social enterprises
 - Meaningful day activities for participants unable or not wishing to become bone fide volunteers, to include a broader range of therapeutic/social activities
- We will pursue a robust income generation strategy in the following areas:
 - We will seek corporate partnerships such as charity of the year agreements.
 - We will explore opportunities to build our portfolio of employment support services based on our strengths in the field of mental health and expertise in helping people to become 'work ready' and to find and stay in work.
 - We will explore all appropriate opportunities to bid for new statutory sector contracts in other areas of provision.
 - We will re-tender for the YPP Wrap Around Support contract, and for the Respite+ service if the opportunity arises.
 - We will seek out new customers for our social enterprises, utilising our customer relationship management system and LinkedIn
 - We will take our vulnerability awareness training to a wider market and will develop the offer further.
- We will continue to explore opportunities for collaborating with third sector partners to bid jointly for new business.
- We will fulfil our promise to establish a more systematic approach to social impact reporting.
- We will continue to seek out new partnerships and opportunities to secure pro bono ambassadorial support to help us achieve some of the above.

Accreditations

- We will continue to meet the requirements of the Investors in People standard and using the IIP Extended Framework and MATRIX standards continue to develop an organisational culture of continuous learning, including IT skills and the use of social media.
- During the year the Charity has kept its Mindful Employer Status and Disability Positive level 2.

Structure, governance and management

The organisation is a charitable company limited by guarantee, incorporated in England and Wales in September 1965 and registered as a Charity on 11 February 1963.

The company was established under a memorandum of association, which established the objects and powers of the charitable company and is governed under its articles of association.

Trustees' annual report

For the year ended 31 March 2021

All trustees give their time voluntarily and receive no benefits from the Charity. Any expenses reclaimed from the Charity are set out in note 7 to the accounts.

Trustees are elected at the general meeting. Nominations for additional trustees may be made by Board members. All directors serve in an honorary capacity and are the trustees of the charity. There is a rotational process in place with three trustees retiring from the board each year; however, these trustees can offer themselves for re-election should they wish to do so. We try to ensure that Board members reflect appropriate diversity in terms of age, gender and ethnicity and possess the skills required to direct the organisation.

At no time during the year did any trustee have an interest in a contract entered into by the Association in relation to the activities of the Association other than their involvement as employees of Mental Health Trusts.

No remuneration or other benefits have been paid or are payable to any trustee of the Association either directly or indirectly from the funds of the Association.

The overall policy of the Association is set by the trustees at regular meetings of the Board. Day to day running of the Association is managed by the Chief Executive, Sue Roberts, and her support staff. Three sub-committees meet on a quarterly basis. Regular feedback is obtained from the Service User Forum made up of service users engaged in activities with the Association.

Appointment of trustees

We use the guidance for trustee recruitment published by the Charity Commission. Regular skills audits are completed, gaps are identified, and new Trustees appointed based on these gaps.

Trustee induction and training

The Trustee induction handbook covers training to be undertaken, visits to be made, meetings to be attended:

- Trustee Role and Responsibilities – Job description
- Trustee Code of Conduct – Conflicts of Interest
- Timetable of Annual Key tasks
- Glossary of Terms
- Trustee Contact details
- Expenses – How to claim travel and other expenses
- Feedback Form
- Induction visits and meetings include:
 - Attendance requirements and feedback – meeting with Board Chair
 - Organisation background and history – meeting with Chief Executive
 - Mental Health First Aid (2-day accredited course)
 - Visits to all locations

Trustees' annual report

For the year ended 31 March 2021

Required reading includes:

- Memorandum & Articles
- Audited Accounts and Annual Report
- Risk Register
- Strategic Plan
- Organisation Chart
- Policies and Procedures
- The Essential Trustee (CC3)
- Other relevant Charity Commission guidance

Related parties and relationships with other organisations

No formal relationships exist between the Association and any related parties and there are no subsidiary undertakings.

The Association cooperates with other charities in the pursuit of its charitable objectives.

Remuneration policy for key management personnel

The Board has a remuneration committee comprising the Chair of the Board and the Chair of Finance, Audit & Risk Sub-Committee. The Chair conducts the annual appraisal of the Chief Executive and agrees her salary, which is benchmarked against comparable organisations in the not for profit sector. The salary is endorsed by the full Board.

Policy for employment of disabled persons

The Association has an Equality and Diversity policy which commits the Association to examine its selection and appointment process, personnel procedures and training provisions to ensure the elimination of direct or indirect discrimination and the provision of equality of opportunity for the protected characteristics contained within the Equality Act 2010.

There are regular reviews to maintain good employment practices and those engaged in the selection process will be made aware of the Equality and Diversity Policy, the Acts and their personal liability to law.

Employee information

The Association aims to provide employees with as much information as possible on matters of concern to them as employees. Responsibility for doing this rests with members of the Senior Leadership Team, coordinated through the Head of Human Resources.

Funds held as custodian trustee on behalf of others

No funds are held by the Association as custodian trustee on behalf of others.

Statement of responsibilities of the trustees

The trustees (who are also directors of Birmingham Industrial Therapy Association Ltd for the purposes of company law) are responsible for preparing the trustees' annual report including the strategic report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the trustees are required to:

- Select suitable accounting policies and then apply them consistently
- Observe the methods and principles in the Charities SORP
- Make judgements and estimates that are reasonable and prudent
- State whether applicable UK Accounting Standards and statements of recommended practice have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable 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 charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as, the trustees are aware:

- There is no relevant audit information of which the charitable company's auditor is unaware
- The trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Trustees are appointed at the AGM which is attended by the charity's trustees. There is a current proposal to establish a membership body and if this is agreed, then in future trustees will be appointed by members. There were 11 trustees in the year 2020–2021 (2020:11).

The trustees' annual report has been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

Birmingham Industrial Therapy Association Limited

Trustees' annual report

For the year ended 31 March 2021

The trustees' annual report has been approved by the trustees on 13 December 2021 and signed on their behalf by

Simon Lawrence Chair, Board of Trustees

Sue Roberts Chief Executive Officer

Independent auditor's report

To the members of

Birmingham Industrial Therapy Association Limited

Opinion

We have audited the financial statements of Birmingham Industrial Therapy Association Limited (the 'charitable company') for the year ended 31 March 2021 which comprise the statement of financial activities, balance sheet, statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- Give a true and fair view of the state of the charitable company's affairs as at 31 March 2021 and of its incoming resources and application of resources, including its income and expenditure for the year then ended
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- Have been prepared in accordance with the requirements of the Companies Act 2006

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' 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 Birmingham Industrial Therapy Association Limited'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 trustees with respect to going concern are described in the relevant sections of this report.

Independent auditor's report

To the members of

Birmingham Industrial Therapy Association Limited

Other Information

The other information comprises the information included in the trustees' annual report other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- The information given in the trustees' annual report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The trustees' annual 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 charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' annual 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 trustees' 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 trustees' annual report and from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities set out in the trustees' annual report, the trustees (who are also the directors of the charitable company for the purposes of

Independent auditor's report

To the members of

Birmingham Industrial Therapy Association Limited

company law) 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 trustees 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 trustees are responsible for assessing the charitable 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 trustees either intend to liquidate the charitable 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 are set out below.

Capability of the audit in detecting irregularities

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

- We enquired of management, and the finance committee, which included obtaining and reviewing supporting documentation, concerning the charity's policies and procedures relating to:
- Identifying, evaluating, and complying with laws and regulations and whether they were aware of any instances of non-compliance;
- Detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected, or alleged fraud;
- The internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- We inspected the minutes of meetings of those charged with governance.
- We obtained an understanding of the legal and regulatory framework that the charity operates in, focusing on those laws and regulations that had a material effect on the financial statements or that had a fundamental effect on the operations of the charity from our professional and sector experience.

Independent auditor's report

To the members of

Birmingham Industrial Therapy Association Limited

- We communicated applicable laws and regulations throughout the audit team and remained alert to any indications of non-compliance throughout the audit.
- We reviewed any reports made to regulators.
- We reviewed the financial statement disclosures and tested these to supporting documentation to assess compliance with applicable laws and regulations.
- We performed analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments, assessed whether the judgements made in making accounting estimates are indicative of a potential bias and tested significant transactions that are unusual or those outside the normal course of business.

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 is available 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 charitable 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 charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Fleur Holden (Senior statutory auditor)

16 December 2021

for and on behalf of Sayer Vincent LLP, Statutory Auditor
Invicta House, 108-114 Golden Lane, LONDON, EC1Y 0TL

Birmingham Industrial Therapy Association Limited

Statement of financial activities (incorporating an income and expenditure account)

For the year ended 31 March 2021

	Note	Unrestricted £	Restricted £	2021 Total £	2020 Total £
Income from:					
Donations and grants	3	36,485	20,000	56,485	–
Charitable activities					
Core activities	4	2,016,083	49,985	2,066,068	2,065,962
Recovery and Employment	4	197,371	–	197,371	326,806
Social Enterprise – Production Assembly Services	4	108,559	29,014	137,573	148,586
Social Enterprise – Express Signs	4	95,036	–	95,036	69,393
Bank Interest		60	–	60	–
Total income		2,453,594	98,999	2,552,593	2,610,747
Expenditure on:					
Charitable activities					
Recovery and Employment	5	2,141,276	49,985	2,191,261	2,129,479
Social Enterprise – Production Assembly Services	5	199,908	34,837	234,745	276,431
Social Enterprise – Express Signs	5	93,908	–	93,908	102,484
Total expenditure		2,435,091	84,822	2,519,913	2,508,394
Net income for the year		18,503	14,177	32,680	102,353
Transfers between funds		20,000	(20,000)	–	–
Net movement in funds	20	38,503	(5,823)	32,680	102,353
Reconciliation of funds:					
Total funds brought forward		518,481	39,016	557,497	455,144
Total funds carried forward		556,984	33,193	590,177	557,497

All of the above results are derived from continuing activities, except where shown. There were no other recognised gains or losses other than those stated above. Movements in funds are disclosed in Note 20 to the financial statements.

Birmingham Industrial Therapy Association Limited

Balance sheet

Company no. 00748773

As at 31 March 2021

	Note	£	2021 £	£	2020 £
Fixed assets:					
Tangible assets	11		227,616		241,935
			227,616		241,935
Current assets:					
Stock	12	6,219		4,730	
Debtors	13	208,690		156,022	
Short Term Deposit		75,829		75,769	
Cash at bank and in hand		359,201		309,383	
		649,939		545,904	
Liabilities:					
Creditors: amounts falling due within one year	14	237,378		230,342	
Net current assets			412,561		315,562
Total assets less current liabilities			640,177		557,497
Creditors: amounts falling due after one year	16		(50,000)		–
Total net assets			590,177		557,497
The funds of the charity:	20				
Restricted income funds			33,193		39,016
Unrestricted income funds:					
Designated funds		217,375		228,671	
General funds		339,609		289,810	
Total unrestricted funds			556,984		518,481
Total charity funds			590,177		557,497

Approved by the trustees on 13 December 2021 and signed on their behalf by

Simon Lawrence
Chair

Birmingham Industrial Therapy Association Limited

Statement of cash flows

For the year ended 31 March 2021

	Note	2021 £	£	2020 £	£
Net cash used in operating activities	22		73,078		(102,139)
Cash flows from investing activities:					
Interest received		60		160	
Purchase of fixed assets		(23,260)		(4,982)	
Net cash used in investing activities			(23,200)		(4,822)
Cash flows from financing activities:					
Cash inflows from new borrowing			50,000		–
Change in cash and cash equivalents in the			99,878		(106,961)
Cash and cash equivalents at the beginning			385,152		492,113
Cash and cash equivalents at the end of the	22		485,030		385,152

Analysis of cash and cash equivalents and of net debt

	At 1 April 2020 £	Cash flows £	At 31 March 2021 £
Cash at bank and in hand	309,383	49,818	359,201
Short term deposits	75,769	60	75,829
Total cash and cash equivalents	385,152	49,878	435,030
Loans falling due after more than one year	–	50,000	50,000
Total	385,152	99,878	485,030

Notes to the financial statements

For the year ended 31 March 2021

1 Accounting policies

a) Statutory information

Birmingham Industrial Therapy Association Limited is a charitable company limited by guarantee and is incorporated in the United Kingdom. The registered office address and principal place of business is 201–206 Alcester Street, Digbeth, Birmingham, B12 0NQ.

b) Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) – (Charities SORP FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy or note.

In applying the financial reporting framework, the trustees have made a number of subjective judgements, for example in respect of significant accounting estimates. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The nature of the estimation means the actual outcomes could differ from those estimates. Any significant estimates and judgements affecting these financial statements are detailed within the relevant accounting policy below.

c) Public benefit entity

The charitable company meets the definition of a public benefit entity under FRS 102.

d) Going concern

The trustees consider that there are no material uncertainties about the charitable company's ability to continue as a going concern as explained in the trustees' annual report.

The trustees do not consider that there are any sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

3) Income

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the income have been met, it is probable that the income will be received and that the amount can be measured reliably.

Income from government and other grants, whether 'capital' grants or 'revenue' grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

Income received in advance of the provision of a specified service is deferred until the criteria for income recognition are met.

f) Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

g) Fund accounting

Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure which meets these criteria is charged to the fund.

Unrestricted funds are donations and other incoming resources received or generated for the charitable purposes.

Designated funds are unrestricted funds earmarked by the trustees for particular purposes.

h) Expenditure and irrecoverable VAT

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

- Expenditure on charitable activities includes the costs of providing education, volunteering and employment services to the service users undertaken to further the purposes of the charity and their associated support costs
- Other expenditure represents those items not falling into any other heading

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

Notes to the financial statements

For the year ended 31 March 2021

1 Accounting policies (continued)

i) Allocation of support costs

Resources expended are allocated to the particular activity where the cost relates directly to that activity. However, the cost of overall direction and administration of each activity, comprising the salary and overhead costs of the central function, is apportioned on the following basis which are an estimate, based on staff time, of the amount attributable to each activity.

Where information about the aims, objectives and projects of the charity is provided to potential beneficiaries, the costs associated with this publicity are allocated to charitable expenditure.

Where such information about the aims, objectives and projects of the charity is also provided to potential donors, activity costs are apportioned between fundraising and charitable activities on the basis of staff time by each activity.

● Recovery and Employment	58%
● Social Enterprise – Production Assembly Services	32%
● Social Enterprise – Express Signs	10%

j) Operating leases

Rental charges are charged on a straight line basis over the term of the lease.

k) Tangible fixed assets

Items of equipment are capitalised where the purchase price exceeds £250. Depreciation costs are allocated to activities on the basis of the use of the related assets in those activities. Assets are reviewed for impairment if circumstances indicate their carrying value may exceed their net realisable value and value in use.

Where fixed assets have been revalued, any excess between the revalued amount and the historic cost of the asset will be shown as a revaluation reserve in the balance sheet.

Depreciation is provided at rates calculated to write down the cost of each asset to its estimated residual value over its expected useful life.

The depreciation rates in use are as follows:

● Freehold Building	50 years
● Motor Vehicles, Computer Equipment	4 years
● Plant, Fixture and Fittings	10 years

l) Stocks

Stocks are stated at the lower of cost and net realisable value. In general, cost is determined on a first in first out basis and includes transport and handling costs. Net realisable value is the price at which stocks can be sold in the normal course of business after allowing for the costs of realisation. Provision is made where necessary for obsolete, slow moving and defective stocks. Donated items of stock, held for distribution or resale, are recognised at fair value which is the amount the charity would have been willing to pay for the items on the open market.

m) Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

n) Short term deposits

Short term deposits includes cash balances that are invested in accounts with a maturity date of between 3 and 12 months.

o) Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

p) Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

q) Financial Instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

r) Pensions

The charity has a NEST pension scheme to offer all employees. The charity is contributing a minimum employer contribution percentage into the scheme set by the Pension Regulator.

Notes to the financial statements

For the year ended 31 March 2021

2 Detailed comparatives for the statement of financial activities (prior year)

	Unrestricted activities £	Restricted continuing activities £	2020 Total £
Income from:			
Donations	–	–	–
Charitable activities:			
Core activities	2,052,962	13,000	2,065,962
Recovery and Employment	326,806	–	326,806
Social Enterprise – Production Assembly Services	128,586	20,000	148,586
Social Enterprise – Express Signs	69,393	–	69,393
Total income	2,577,747	33,000	2,610,747
Expenditure on:			
Charitable activities:			
Recovery and Employment	2,129,479	–	2,129,479
Social Enterprise – Production Assembly Services	233,749	42,682	276,431
Social Enterprise – Express Signs	102,484	–	102,484
Total expenditure	2,465,712	42,682	2,508,394
Net income for the year	112,035	(9,682)	102,353

3 Income from donations

	Unrestricted £	Restricted £	2021 Total £	Unrestricted £	Restricted £	2020 Total £
Donations	–	20,000	20,000	–	–	–
Covid Relief Funding	32,500	–	32,500	–	–	–
Coronavirus Job Retention Scheme income	3,985	–	3,985	–	–	–
	36,485	20,000	56,485	–	–	–

Notes to the financial statements

For the year ended 31 March 2021

4a Income from charitable activities (current year)

	Unrestricted continuing activities £	Restricted continuing activities £	2021 Total £	2020 Total £
Birmingham City Cross CCG Funding	2,012,394	–	2,012,394	2,023,539
Grant funding for core activities	–	49,985	49,985	13,000
Other	3,689	–	3,689	29,423
Total for Core Activities	2,016,083	49,985	2,066,068	2,065,962
Birmingham City Council– Neurodiverse	–	–	–	55,000
Prospects – Thrive into Work	–	–	–	145,238
Birmingham Solihull Mental Health Trust	91,275	–	91,275	80,894
Birmingham City Council – Youth Promise Plus	106,096	–	106,096	–
Mental Health First Aid Training	–	–	–	45,674
Total for Recovery and Employment	197,371	–	197,371	326,806
Birmingham and Sandwell Councils	6,722	–	6,722	7,651
Earned Income	101,837	29,014	130,851	140,935
Total for Social Enterprise – Better Assembly Services	108,559	29,014	137,573	148,586
Birmingham Solihull Mental Health Trust	81,313	–	81,313	53,000
Earned Income	13,723	–	13,723	16,393
Total for Social Enterprise – Express Signs	95,036	–	95,036	69,393
Total income from charitable activities	2,417,049	78,999	2,496,048	2,610,747

Notes to the financial statements

For the year ended 31 March 2021

4b Income from charitable activities (prior year)

	Unrestricted continuing activities	Restricted continuing activities £	2020 Total £	2019 Total £
Birmingham City Cross CCG Funding	2,023,539	–	2,023,539	1,733,700
Grant funding for core activities	–	13,000	13,000	57,277
Other	29,423	–	29,423	9,031
Total for Core Activities	2,052,962	13,000	2,065,962	1,800,008
Birmingham City Council– Neurodiverse	55,000	–	55,000	110,000
Prospects – Thrive into Work	145,238	–	145,238	124,402
Birmingham Solihull Mental Health Trust	80,894	–	80,894	15,407
Mental Health First Aid Training	45,674	–	45,674	40,466
Building Better Opportunities	–	–	–	16,485
Birmingham City Council –Youth Promise Plus	–	–	–	108,482
Birmingham City Council – IAG, Employability	–	–	–	6,221
Total for Learning and Work	326,806	–	326,806	421,463
Earned Income	–	–	–	14,399
Total for Social Enterprise–Park Lane Garden Centre	–	–	–	14,399
Birmingham and Sandwell Councils	7,651	–	7,651	–
Earned Income	120,935	20,000	140,935	179,636
Total for Social Enterprise– Production Assembly Services	128,586	20,000	148,586	179,636
Earned Income	–	–	–	26,971
Birmingham City University	–	–	–	4,665
Total for Social Enterprise– Textiles' By St. Anne's	–	–	–	31,636
Birmingham Solihull Mental Health Trust	53,000	–	53,000	53,000
Earned Income	16,393	–	16,393	21,821
Total for Social Enterprise– Express Signs	69,393	–	69,393	74,821
Total income from charitable activities	2,577,747	33,000	2,610,747	2,521,963

Birmingham Industrial Therapy Association Limited

Notes to the financial statements

For the year ended 31 March 2021

5a Analysis of expenditure (current year)

	Charitable activities						
	Recovery and Employment £	Social Enterprise – Production Assembly Services £	Social Enterprise – Express Signs £	Governance costs £	Support costs £	2021 Total £	2020 Total £
Staff costs (Note 7)	669,416	91,933	43,000	–	199,631	1,003,980	960,181
Delivery by other partners	1,171,590	–	–	–	–	1,171,590	1,167,004
Material	–	22	3,370	–	–	3,392	7,795
Recruitment and Training	8,440	150	–	–	3,593	12,183	9,281
Client and Participant Expenses	6,219	16,059	707	–	–	22,985	42,823
Staff Travel and Motor Expenses	1,303	8,848	–	–	–	10,152	17,975
Marketing, Print and Stationery	3,454	752	251	–	765	5,222	8,877
ICT and Communication	66,273	6,951	3,931	–	15,170	92,325	83,805
Consultancy and Professional Fees	32,572	370	–	–	12,081	45,023	30,890
Utilities	12,351	3,250	–	–	3,304	18,905	21,065
Premises Cost and Insurance	26,966	9,736	15,025	–	6,714	58,441	79,758
Sundry Expenses	6,626	1,744	–	–	1,773	10,143	13,772
Audit Fee	–	–	–	8,210	–	8,210	8,050
Bank Charges	267	47	23	–	71	408	1,052
Non Recoverable VAT	15,790	1,122	222	–	2,241	19,375	19,690
Depreciation	11,197	6,149	–	–	20,234	37,579	36,376
	2,032,464	147,133	66,529	8,210	265,577	2,519,913	2,508,394
Support costs	154,035	84,985	26,558	–	(265,577)	–	–
Governance costs	4,762	2,627	821	(8,210)	–	–	–
Total expenditure 2021	2,191,261	234,745	93,908	–	–	2,519,913	
Total expenditure 2020	2,129,479	276,431	102,484	–	–		2,508,394

Birmingham Industrial Therapy Association Limited

Notes to the financial statements

For the year ended 31 March 2021

5b Analysis of expenditure (prior year)

	Charitable activities					
	Recovery and Employment £	Social Enterprise – Production Assembly Services £	Social Enterprise – Express Signs £	Governance costs £	Support costs £	2020 Total £
Staff costs (Note 7)	620,821	75,939	43,000	–	220,421	960,181
Delivery by other partners	1,167,004	–	–	–	–	1,167,004
Material	4,669	21	3,105	–	–	7,795
Recruitment and Training	5,487	375	–	–	3,419	9,281
Clients and Participant Expenses	1,560	39,143	1,945	–	175	42,823
Staff Travel and Motor Expenses	7,541	8,764	–	–	1,670	17,975
Marketing, Print and Stationery	5,278	1,559	243	–	1,797	8,877
ICT and Communication	59,115	7,889	4,179	–	12,622	83,805
Consultancy and Professional Fees	1,243	7,500	–	–	22,147	30,890
Utilities	11,682	2,480	–	–	6,903	21,065
Premises Cost and Insurance	23,458	16,078	16,242	–	23,980	79,758
Sundry Expenses	5,633	875	50	–	7,214	13,772
Audit fee	–	–	–	8,050	–	8,050
Bank charges	697	127	57	–	171	1,052
Non Recoverable VAT	19,690	–	–	–	–	19,690
Depreciation	4,874	7,950	–	–	23,552	36,376
	1,938,752	168,700	68,821	8,050	324,071	2,508,394
Support costs	187,961	103,703	32,407	–	(324,071)	–
Governance costs	4,669	2,576	805	(8,050)	–	–
Total expenditure 2020	2,131,382	274,979	102,033	–	–	2,508,394

Notes to the financial statements

For the year ended 31 March 2021

6 Net income / (expenditure)

This is stated after charging:

	2021 £	2020 £
Depreciation	37,579	36,376
Operating lease rentals:		
Property	–	14,896
Other	14,347	25,472
Auditors' remuneration (excluding VAT):		
Audit	8,210	8,050

7 Analysis of staff costs, trustee remuneration and expenses, and the cost of key management personnel

Staff costs were as follows:

	2021 £	2020 £
Salaries and wages	870,588	807,937
Redundancy and termination costs	–	20,487
Social security costs	73,390	71,969
Other Staff Costs	43,000	43,000
Employer's contribution to defined contribution pension schemes	17,003	16,789
	1,003,980	960,182

In 2021 no employees were made redundant (2020: £13,088).

The following number of employees received employee benefits (excluding employer pension costs and employer's national insurance) during the year between:

	2021 No.	2020 No.
£70,000 – £79,999	1	1

The total employee benefits (including employer's pension contributions and employer's national insurance) of the key management personnel were £79,761 (2020: £79,785).

The charity trustees were not paid or received any other benefits from employment with the charity in the year (2020: £nil). No charity trustee received payment for professional or other services supplied to the charity (2020: £nil).

No trustees' expenses were paid in 2021 and 2020.

8 Staff numbers

The average number of employees (head count based on number of staff employed) during the year was as follows:

	2021 No.	2020 No.
Recovery & Employment	25.8	20.8
Training	–	1.3
Social Enterprise– Production Assembly Services	4.0	3.7
Support	6.1	6.0
	35.9	31.8

9 Related party transactions

Aggregated donations from related parties were £nil (2020: £nil).

There are no donations from related parties which are outside the normal course of business and no restricted donations from related parties.

Martin Commander, Vice Chair Board of Trustees is a paid consultant to Birmingham Solihull Mental Health Trust (BSMHFT). During the year the charity received income of £172,588 (2020: £80,894) from BSMHFT which was provided on an arms length basis.

Notes to the financial statements

For the year ended 31 March 2021

10 Taxation

The charitable company is exempt from corporation tax as all its income is charitable and is applied for charitable purposes.

11 Tangible fixed assets

	Freehold property £	Plant, fixtures and fittings £	Computer equipment £	Total £
Cost				
At the start of the year	312,910	304,270	174,468	791,648
Additions in year	–	1,060	22,200	23,260
At the end of the year	312,910	305,330	196,668	814,908
Depreciation				
At the start of the year	154,166	252,231	143,315	549,713
Charge for the year	6,492	11,625	19,462	37,579
At the end of the year	160,658	263,856	162,777	587,292
Net book value At the end of the year	152,252	41,474	33,890	227,616
At the start of the year	158,744	52,039	31,153	241,935

Land with a value of £36,625 (2020: £36,625) is included within freehold property and not depreciated.

All of the above assets are used for charitable purposes.

12 Stock

	2021 £	2020 £
Finished goods	6,219	4,730
	6,219	4,730

13 Debtors

	2021 £	2020 £
Trade debtors	83,320	123,202
Prepayments	31,684	32,820
Accrued income	93,686	–
	208,690	156,022

14 Creditors: amounts falling due within one year

	2021 £	2020 £
Trade creditors	164,921	158,793
Taxation and social security	40,489	25,284
Accruals	15,439	24,436
Deferred income (note 15)	16,529	21,829
	237,378	230,342

Notes to the financial statements

For the year ended 31 March 2021

15 Deferred income

Deferred income comprises participant costs received in advance.

	2021 £	2020 £
Balance at the beginning of the year	21,829	60,400
Amount released to income in the year	(5,300)	(47,846)
Amount deferred in the year	–	9,275
Balance at the end of the year	<u>16,529</u>	<u>21,829</u>

16 Creditors: amounts falling due after one year

	2021 £	2020 £
Bank loans	50,000	–
	<u>50,000</u>	<u>–</u>

Bounce Bank Loan totalling £50,000 (2020: £nil) unsecured. The terms of the loan are 72 months with an interest rate of 2.5%. No payment is required for the first 12 months and monthly loan repayments will commence 13 months after the loan was approved. Repayment of the loan will commence April 2022.

17 Pension Scheme

The charity offers an auto-enrolment into the NEST pension scheme. At the end of the year the liability of the NEST pension scheme was £4,151 (2020: £nil).

Past and present employees are covered by the provisions of the two NHS Pension Schemes. Details of the benefits payable and rules of the Schemes can be found on the NHS Pensions website at www.nhsbsa.nhs.uk/pensions. Both are unfunded defined benefit schemes that cover NHS employers, GP practices and other bodies, allowed under the direction of the Secretary of State in England and Wales. They are not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, each scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS body of participating in each scheme is taken as equal to the contributions payable to that scheme for the accounting period.

In order that the defined benefit obligations recognised in the financial statements do not differ materially from those that would be determined at the reporting date by a formal actuarial valuation, the FReM requires that “the period between formal valuations shall be four years, with approximate assessments in intervening years”. An outline of these follows:

a) Accounting valuation

A valuation of scheme liability is carried out annually by the scheme actuary (currently the Government Actuary's Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and is accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2021, is based on valuation data as 31 March 2020, updated to 31 March 2021 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

The latest assessment of the liabilities of the scheme is contained in the report of the scheme actuary, which forms part of the annual NHS Pension Scheme Accounts. These accounts can be viewed on the NHS Pensions website and are published annually. Copies can also be obtained from The Stationery Office.

b) Full actuarial (funding) valuation

The purpose of this valuation is to assess the level of liability in respect of the benefits due under the schemes (taking into account recent demographic experience), and to recommend contribution rates payable by employees and employers.

The latest actuarial valuation undertaken for the NHS Pension Scheme was completed as at 31 March 2016. The results of this valuation set the employer contribution rate payable from April 2019 to 20.6% of pensionable pay. The 2016 funding valuation was also expected to test the cost of the Scheme relative to the employer cost cap that was set following the 2012 valuation. In January 2019, the Government announced a pause to the cost control element of the 2016 valuations, due to the uncertainty around member benefits caused by the discrimination ruling relating to the McCloud case.

The Government subsequently announced in July 2020 that the pause had been lifted, and so the cost control element of the 2016 valuations could be completed. The Government has set out that the costs of remedy of the discrimination will be included in this process. HMT valuation directions will set out the technical detail of how the costs of remedy will be included in the valuation process. The Government has also confirmed that the Government Actuary is reviewing the cost control mechanism (as was originally announced in 2018). The review will assess whether the cost control mechanism is working in line with original government objectives and reported to Government in April 2021. The findings of this review will not impact the 2016 valuations, with the aim for any changes to the cost cap mechanism to be made in time for the completion of the 2020 actuarial valuations.

Notes to the financial statements

For the year ended 31 March 2021

18 Financial instruments

	2021 £	2020 £
Financial liabilities measured at transaction value		
Bank loans	50,000	–

19a Analysis of net assets between funds (current year)

	General unrestricted £	Designated £	Restricted £	Total funds £
Tangible fixed assets	–	197,375	30,241	227,616
Net current assets	389,609	20,000	2,952	412,561
Long term liabilities	(50,000)	–	–	(50,000)
Net assets at 31 March 2021	339,609	217,375	33,193	590,177

19b Analysis of net assets between funds (prior year)

	General unrestricted £	Designated £	Restricted £	Total funds £
Tangible fixed assets	–	208,671	33,264	241,935
Net current assets	289,810	20,000	5,752	315,562
Net assets at 31 March 2020	289,810	228,671	39,016	557,497

20a Movements in funds (current year)

	At 1 April 2020 £	Income £	Expenditure £	Transfers £	At 31 March 2021 £
Restricted funds:					
Freehold Property	25,520	–	(1,267)	–	24,253
ERDF Catalysts Enterprises Grant	7,744	–	(1,756)	–	5,988
The Rowlands Trust	2,400	–	(300)	–	2,100
Western Power Community Foundation	–	1,000	(1,000)	–	–
National Lottery Community Fund	1,000	–	(1,000)	–	–
MIND Charity	–	17,932	(17,932)	–	–
GJW Turner Trust	–	2,000	(2,000)	–	–
Living Well Grants	–	2,500	(2,500)	–	–
Severn Trent Water	–	2,000	(2,000)	–	–
Bailey Thomas Charitable Trust	–	4,000	(4,000)	–	–
Julia and Hans Rausing Trust	–	23,553	(23,553)	–	–
The Edward Gostling Foundation	–	5,000	(5,000)	–	–
The David Solomons Charitable Trust	–	1,000	(1,000)	–	–
CAF Resilience Fund	–	17,014	(17,014)	–	–
Souter Charitable Trust	–	2,000	(2,000)	–	–
Jackie Noughton	–	20,000	–	(20,000)	–
Other Small Restricted Grants	2,352	1,000	(2,500)	–	852
Total restricted funds	39,016	98,999	(84,822)	(20,000)	33,193
Unrestricted funds:					
Designated funds:					
Tangible Fixed Assets Funds	208,671	–	(34,556)	23,260	197,375
Future Investment for Social Enterprises	10,000	–	–	–	10,000
Premises Improvement Fund	10,000	–	–	–	10,000
Total designated funds	228,671	–	(34,556)	23,260	217,375
General funds	289,810	2,453,594	(2,400,535)	(3,260)	339,609
Total unrestricted funds	518,481	2,453,594	(2,435,091)	20,000	556,984
Total funds at 31 March 2021	557,497	2,552,593	(2,519,913)	–	590,177

Notes to the financial statements

For the year ended 31 March 2021

20b Movements in funds (prior year)

	At 1 April 2019 £	Income £	Expenditure £	Transfers £	At 31 March 2020 £
Restricted funds:					
Freehold Property	26,787	-	(1,267)	-	25,520
ERDF Catalysts Enterprises Grant	9,500	-	(1,756)	-	7,744
The Rowlands Trust	2,700	-	(300)	-	2,400
Wesleyan Foundation	8,000	-	(8,000)	-	-
Big Lottery Fund-Garden Pathways	559	-	(559)	-	-
National Lottery Community Fund	-	10,000	(9,000)	-	1,000
The Roger & Douglas Turner Charitable Trust	-	3,000	(3,000)	-	-
The Grimmett Trust	-	2,000	(2,000)	-	-
Birmingham District Nursing Charitable Trust	-	3,000	(3,000)	-	-
The Eveson Charitable Trust	-	7,000	(7,000)	-	-
Donald Forrester Trust	-	5,000	(5,000)	-	-
Other Small Restricted Grants	1,152	3,000	(1,800)	-	2,352
Total restricted funds	48,698	33,000	(42,682)	-	39,016
Unrestricted funds:					
Designated funds:					
Tangible Fixed Assets Funds	138,539	-	(33,353)	103,485	208,671
Future Investment for Social Enterprises	10,000	-	-	-	10,000
Premises Improvement Fund	10,000	-	-	-	10,000
Total designated funds	158,539	-	(33,353)	103,485	228,671
General funds	247,907	2,577,747	(2,432,359)	(103,485)	289,810
Total unrestricted funds	406,446	2,577,747	(2,465,712)	-	518,481
Total funds at 31 March 2020	455,144	2,610,747	(2,508,394)	-	557,497

21 Purposes of restricted funds

Freehold Property: Funding received from The Big Lottery Fund for improvement to the reception area of the Digbeth premises. Depreciation will be charged to this fund.

ERDF Catalyst Enterprise Grant: This grant was matched funded and assisted us to fund capital items and some salary for Production Assembly Services social enterprise.

Big Lottery Funds: This funding was provided to buy tools for Garden Services project.

The Rowlands Trust: The funds were donated to fund a new heating system for Better Assembly Services.

Wesleyan Foundation: The funds were donated to support volunteer/peer mentor recruitment and training.

National Lottery Community Fund: The funds were donated to allow Architect's feasibility study for the redevelopment of the Digbeth site.

The Roger & Douglas Turner Charitable Trust: Development of a Wellbeing Centre for service users, to incorporate the existing Better Assembly Services unit, and supplement this with the development of a suite of new wellbeing activities.

The Grimmett Trust: Development of a Wellbeing Centre for service users, to incorporate the existing Better Assembly Services unit, and supplement this with the development of a suite of new wellbeing activities.

Birmingham District Nursing Charitable Trust: Development of a Wellbeing Centre for service users, to incorporate the existing Better Assembly Services unit, and supplement this with the development of a suite of new wellbeing activities.

The Eveson Charitable Trust: Development of a Wellbeing Centre for service users, to incorporate the existing Better Assembly Services unit, and supplement this with the development of a suite of new wellbeing activities.

Donald Forrester Trust: The funds were received to support the core costs of the charity.

Small Restricted Grants: These small grants were given to support travel for our service users and their day to day activities.

Purpose of designated Funds

Tangible Fixed Assets fund: This fund represents the net book value of fixed assets purchased through general funds. Depreciation will be charged against this fund. In 2020, the transfer to this designated fund of £103,485 brought the closing balance in line with the current year net book value excluding any restricted capital funds.

Future Investment for Enterprises: The trustees have agreed not to utilise the funds this financial year.

Premises Improvement Fund: The purpose of this designated fund is to make improvement to the premises in Digbeth. The trustees have agreed not to utilise the funds this financial year.

The funds allocated to designated funds will be used solely for investment in charitable activities. Investment will improve the services on offer and support new investments in the future.

Notes to the financial statements

For the year ended 31 March 2021

22 Reconciliation of net income / (expenditure) to net cash flow from operating activities

	2021 £	2020 £
Net income / (expenditure) for the reporting period (as per the statement of financial activities)	32,680	102,353
Depreciation charges	37,579	36,376
Bank interest	(60)	(160)
Increase in stocks	(1,489)	(967)
Increase in debtors	(52,668)	(54,470)
Increase in creditors	7,036	(185,271)
Increase in new borrowings	50,000	–
Net cash provided by / (used in) operating activities	73,078	(102,139)

23 Operating lease commitments

The charity's total future minimum lease payments under non-cancellable operating leases is as follows for each of the following periods:

	Equipment 2021 £	2020 £
Less than one year	14,347	26,206
One to five years	9,935	20,991
	24,281	47,197

24 Legal status of the charity

The charity is a company limited by guarantee and has no share capital. The liability of each member in the event of winding up is limited to £1.

BIRMINGHAM INDUSTRIAL THERAPY ASSOCIATION LIMITED

England & Wales - Charity number 244866

Accounts

Company number: 748773

Charity Number: 244866

Birmingham Industrial Therapy Association Limited

Report and financial statements
For the year ended 31 March 2020

Birmingham Industrial Therapy Association Limited

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Birmingham Industrial Therapy Association Limited

Reference and administrative information

For the year ended 31 March 2020

Company number 748773
Country of incorporation United Kingdom

Charity number 244866
Country of registration England & Wales

Operating Name: BETTER Pathways

Registered office and operational address
201–206 Alcester Street
Digbeth
Birmingham
B12 0NQ

Trustees Trustees, who are also directors under company law, who served during the year and up to the date of this report were as follows:

Mr Simon Lawrence	Chair
Mr Ben Brittain	
Dr Martin Commander	
Ms Chaitali Desai	
Ms Janine Garvie–Cole	
Mr Jordan Kirkwood	
Mr Les A Latchman	
Ms Ranjit Nall	
Mr Jagvir Purewal	
Ms Diane Ryles	Appointed 9 December 2019
Mr Mike Smith	
Ms Laura Charles	Resigned 9 December 2019
Mr Peter Townley	Resigned 9 December 2019

Key management Personnel Ms Sue Roberts Chief Executive and Company Secretary

Bankers

CAF Bank Ltd 25 Kings Hill Avenue Kings Hill, West Mailing Kent ME19 4JQ	Unity Trust Bank Four Brindley Place Birmingham B1 2JB
Lloyds Bank PO Box 1000 Andover BX1 1LT	

Birmingham Industrial Therapy Association Limited

Reference and administrative information

For the year ended 31 March 2020

Solicitor	Shakespeares Legal LLP Somerset House Temple Street Birmingham B2 5DJ
Auditor	Sayer Vincent LLP Chartered Accountants and Statutory Auditor Invicta House 108-114 Golden Lane LONDON EC1Y 0TL

Trustees' annual report

For the year ended 31 March 2020

The trustees present their report and the audited financial statements for the year ended 31 March 2020.

Reference and administrative information set out on pages 1 and 2 forms part of this report. The financial statements comply with current statutory requirements, the requirements of a directors' report as required under company law, the memorandum and articles of association and the Statement of Recommended Practice – Accounting and Reporting by Charities: SORP applicable to charities preparing their accounts in accordance with FRS 102.

Aims

The aims of the Charity are set out in the Articles of Association. Our overarching purpose is *to improve the well-being of people experiencing poor mental health through volunteering, work experience, employment, training and a range of therapeutic activities with the aim of growing a person's sense of self-esteem, confidence and independence*. The Charity's objects are specifically restricted to the following:

1. To work in partnership with people with mental health conditions in order to assist and empower them in their recovery and improve their mental health and wellbeing
2. To help and support people with mental health conditions to find and keep suitable employment
3. To provide people with mental health conditions opportunities for volunteering, work experience, training and rewarding activities
4. To assist people with mental health conditions to find and take part in rewarding activities within their communities
5. To raise awareness of the importance of mental health with employers and others and promote the employment of people with mental health problems
6. To provide support to the carers of people with mental health conditions
7. To provide material support to people with mental health conditions who are volunteering or gaining work experience at the Charity in order to help them take part in the charity's activities.

Located in Alcester Street, Digbeth since 1995, Better Pathways supports some of the most vulnerable people in our communities, many of whom would have limited alternative sources of support were we not available to them. Over the years, our client group has expanded. In addition to supporting people with serious mental illness, we support people with mild and moderate poor mental health and with learning disabilities and learning difficulties. We seek to understand what matters most to the people we support and to help them design person-centred plans that play to their strengths and develop their abilities so that their aspirations for the future can be achieved.

The Year: 2019/2020

The consolidation we began in 2018/2019 has continued into 2019/2020. The closure in June 2018 of loss-making enterprises, Park Lane Garden Centre and Textiles by St Anne's, was followed by the closure of our canteen in March 2018. Closing the canteen was a cause for sadness at Better Pathways and we very much hope to be able to re-open an on-site cafeteria in the future when funding allows. In the meantime, there is a dedicated refreshment area where our people can prepare hot snacks and drinks.

Our Charitable Services

- **Better Assembly Services** our packing and assembly social enterprise (incorporating our Woodcraft Workshop) continues to provide participants with valuable work experience, training, volunteering opportunities and personal development in the packing and assembly of a wide range of products for commercial companies. This work can include labelling, re-labelling, repricing and flaw corrections.

Our Woodcraft Workshop produces items for sale made from reclaimed and donated timber. We are proud of a new association with the Edinburgh Napier University whose students have designed products for our volunteers to craft based on a shared understanding of the skills, tools and resources we have at our disposal. We have a portfolio of products designed, drawn and specified to that we are selling on our Etsy and Shopify sites.

The service focuses on improving participants' understanding of the world of work and of what employers want. They gain valuable experience in personal organisation (getting ready for 'work', packing lunches, travelling to a destination on time), and in following instructions and delivering work related outputs. Ultimately participating in our social enterprise improves people's chances of securing paid employment.

- **Express Signs** a social enterprise in Solihull is managed by Better Pathways under an agreement with Birmingham and Solihull Mental Health Foundation Trust. The team at Express Signs specialises in the design and production of interior and exterior signage, tailored to the individual needs of customers. The team can craft interior and exterior signage, name badges, health and safety signage, vehicle graphics, promotional banners, large posters, vinyl lettering and corporate gifts. Services include engraving.

Our Statutory sector services

- **Individual Placement and Support employment services** are provided under contract to Birmingham and Solihull Clinical Commissioning Group. Through this statutory sector contract, we support adults with poor mental health in Birmingham, Sandwell and Solihull to find work and provide in-work support to clients and their employers to sustain employment. We work closely with Creative Support and Birmingham MIND, two local mental health charities, sub-contracted to provide recovery and pre-employment support to people not yet ready for work. There are four recovery hubs across the City.

Trustees' annual report

For the year ended 31 March 2020

MHRE teams work closely with Birmingham and Solihull Mental Health Trust, with Forward Thinking Birmingham and with GPs, whose clinical teams refer patients for support under this contract.

- Support for people with **neuro diverse conditions into work, training, volunteering and education** opportunities, was commissioned through Birmingham City Council's Third Sector Grant programme. This was a time-limited grant which came to an end in September 2019.
- **Thrive into Work employment support** was delivered under contract to the West Midlands Combined Authority. This was a pilot programme designed to test the efficacy of the IPS employment support model in primary care. This involved conducting a randomised control trial whereby some clients went onto the programme whilst others were signposted to alternative services. Our involvement in this contract ended in February 2020.
- **Day opportunities placements** are commissioned by Birmingham City Council's Adult Social Care department. This is a small contract for four clients who attend our social enterprise in Digbeth. These four participants are included in our overall 136 participant number.

Other income generating services: Mental health and wellbeing

Our mental health first aid training offer continued until November 2019 after which this offer was paused upon the departure of our two trainers who left to set up a new service in the NHS. At the time of writing we are preparing for the launch of an exciting new offer in the field of mental health and wellbeing aimed, initially, at employer support for improved mental health and wellbeing in the workplace.

Who benefits from our services?

Our social enterprise in Digbeth supported 136 people living in Birmingham and the immediately surrounding areas in 2019/2020. Our 13-week work experience programme accounted for 17 of these people.

Of the 119 people participating in our **packing and assembly and woodcraft enterprises** all attend to maintain good mental health and wellbeing with upwards of 75% (83 people) also having some form of learning difficulty or disability. Males accounted for 95 of our 119 participants, females for 24. Our oldest participant is in their 70s, our youngest in their 20s. The longest attending participant has been coming to the service for 40+ years; the shortest for one year. The ethnic breakdown of our 111 social enterprise participants is as follows:

White British x 71; Mixed race Caribbean x 1; Mixed race Asian x 1; Chinese x 2; Asian x 21; Black Ethiopian x 1; Black Somalian x 1; Black Caribbean x 19.

Trustees' annual report

For the year ended 31 March 2020

On our work experience programme, males accounted for 16 participants, females for one. The ethnic breakdown of participants is as follows:

White British x 12; Mixed race Caribbean x 1; Mixed race Asian x 1; Asian x 2; Black Caribbean x 1

Express signs in Solihull, a much smaller service, supported nine people in the year 2019/2020.

Express Signs' participants come with a range of unique support needs and abilities. The service is attended by eight males and one female. Participants range in age from 42 – 72. The ethnic breakdown of our nine participants is as follows:

White British x 7; Mixed race Caribbean x 1; Asian Sikh x 1

In our mental health first aid service for the year to November 2019 our mental health instructors delivered 34 courses to 253 delegates attending from across the West Midlands. Some of our courses were delivered in our customer locations across the West Midlands and beyond.

Our social impact

Better Pathways addresses important areas of public benefit. Unemployment in people with mental ill health is a major public health issue. Inactivity and social isolation associated with poor mental health blights lives of sufferers and their families. We know that our work with participants succeeds in addressing the loneliness they would otherwise feel from being socially isolated, offering companionship, encouraging friendship, a sense of belonging and self-worth through all our activities.

What our participants say about us

We are proud to report below some of the positive feedback we have had from the people who participate in our services...

Better Assembly Services



"I've been coming here since 2004. I feel very well, I am now confident in what I do here"

"Makes me happy coming here. Can see all my friends. I was at home doing nothing, sitting in my room. My sister brought me here. I am trying to find a job; someone is helping me with this. I am finding it easier to look for work. I feel able to do more activities now."

Trustees' annual report

For the year ended 31 March 2020

A recent survey of participants in our packing and assembly social enterprise revealed the following:

28% of members report being work-ready and seeking work
54% report an increased ability to make friends and build new relationships
77% report increased self confidence
82% feel supported
86% feel better able to make friendships
77% have a sense of belonging when attending Better Assembly Services
73% have increased ability and confidence to pick up new skills
45% indicate improved ability to deal with problems in life
54% have improved general happiness
50% have positive feeling and hope for the future

Express Signs

"I've learnt how to do badges, learnt a bit on computer ... a sense of achievement when doing something right with help"



55% report increased confidence
55% report being supported at Express Signs
44% report a sense of belonging and the ability and confidence to pick up new skills.
55% report general happiness

Case Study: Support for Carers

1. How does coming to BAS help your family?

Support gives the family a break, especially mum who has medical needs of her own. Lower back pain. She is over 70. It helps to keep the two brothers living at home apart (that they both have a learning disability creates tension when they argue). Mum finds it difficult to cope. She is so grateful for what we do, they would struggle without our support.

2. What have you noticed about him as a result of his coming to BAS?

He comes home refreshed. If he's left the house not feeling himself he comes home a different person. He is comfortable coming to BAS and doesn't want to move. BAS has been amazing and has helped a lot to calm him down. They have provided external support at times. For example, the impact of his behaviour on his mum. He came home once and apologised and hugged his mum. That meant a lot to her.

Economic impact: the value of our volunteer hours

'In 2019 there were an estimated 208,000 volunteers working in 9,000 community businesses across England. These volunteers contributed up to an estimated 18 million hours of time and £250 million of services in 2019. Volunteers provide a wide variety of support to community businesses. In 2019 the estimated average equivalent market hourly wage rate across this range of activities was around £13.70. This is slightly above the UK median hourly earnings rate for all occupations of £13.20 (by 3.5 per cent).' *Power to Change Assessing the value of volunteers in Community Businesses [2020]*.

119 BAS volunteers (in packing and assembly and woodcraft) undertook 70,464 hours of volunteering in the year (calculated over 48 weeks). Using the average equivalent market hourly wage rate of £13.70 we arrive at an annual economic value of our volunteering activity of £965,357.

In Express Signs, 3,168 hours were volunteered, equating to a value of £43,402.

Social impact: future reporting

'Demonstrating the difference one makes through impact measurement and evaluation is increasingly important for voluntary organisations. The 'Theory of Change' is a flexible methodology with a wide range of uses to underpin the planning and evaluation of services throughout an organisation. It is a description of why a particular way of working will be effective, showing how change happens in the short, medium and long term to achieve the intended impact.' (Source: 'NCVO, KnowHow' Website)

We know that our support makes a big difference to the lives of our volunteer participants. We also know that reliance on statutory and other public sector services, for example on health and social care services, is reduced. We aim to grow our capacity to develop a more systematic

Trustees' annual report

For the year ended 31 March 2020

approach to evaluating the impact of our charitable services on the people who use them and on society more broadly. This will enable us to set out more clearly the way in which the impact of our interventions directly links back to the difference we set out to make for the people we support. It will also help us to set out the broader economic impacts of our work. Adopting a 'theory of change' approach, we will agree person-centred plans with our clients designed to achieve the outcomes they want. We will agree the issues our clients are facing and the difference they want our services to make, what we will do to make this difference and a way of tracking progress towards their goals. We will learn lessons as we go and adapt our plans and approaches accordingly. Our organisational goal is to have the data we need to plug our gaps in social impact reporting in time for the annual reporting year 2021/2022.

Financial results 2019/2020

Total income in the year increased by 1.5% from £2,571k in 2018/19 to £2,611k in 2019/20. During the year core activities income increased by 12.8% from £1,831k in 2018/19 to £2,066k in 2019/20. This was largely owing to an additional £225k received from Birmingham and Solihull CCG for the IPS Wave 2 contract. Recovery and employment income decreased by 22% from £421k to £326k mainly owing to the ending of the Neurodiverse programme in September 2019 and the Youth Promise Plus contract which was discontinued during 2018/19. Sales in the social enterprise better assembly services fell in the year resulting in an income reduction of 17%, from £180k in 2018/19 to £149k in 2019/20. The service's temporary closure part way through March as a result of COVID-19 contributed to this drop in sales.

Staff numbers reduced from 43 to 31 in the year as a result of departmental closures and a restructure, leading to a decrease in expenditure of £215k (13%), from £2,879k to £2,508k.

These movements resulted in Better Pathways making a surplus of £102k and having funds of £557k to carry forward at the year ended 31 March 2020. Of these funds, £39k are restricted, £229k designated unrestricted funds and £289k general unrestricted funds. The designated funds largely relate to the tangible fixed asset fund so do not form part of our calculation of free reserves. This fund represents the net book value of fixed assets purchased through general funds. Depreciation is charged against this fund.

Fundraising

We appointed a professional fundraiser who started at Better Pathways in September 2019. For the year 2019/2020 our fundraiser raised £33k from grant giving trusts and foundations. We are grateful to the funders who have responded so positively to our bids for support and we are pleased to acknowledge them later in this report.

We are not registered with the Fundraising Regulator and can confirm we have not received any complaints in the year.

Principal funding sources

In respect of our statutory sector contracts our sources of funding are:

- Birmingham and Solihull CCG for the Mental Health Recovery and Employment contract that started in April 2018
- The West Midlands Combined Authority for the Thrive into Work Primary Care Pilot that started in October 2017 – now ended (in February 2020)
- Birmingham City Council, Third Sector Grant, for the NeuroDiverse contract that started in April 2018 – now ended (in September 2019)

We are grateful to the following organisations for their generous grants in 2019/20. Funds from these organisations have helped us to deliver our various activities for the benefit of our service users:

ERDF Catalyst Enterprise Grant

Big Lottery

The Rowlands Trust

Wesleyan Foundation

National Lottery Community Fund

The Roger & Douglas Turner Charitable Trust

The Grimmett Trust

Birmingham District Nursing Charitable Trust

The Eveson Charitable Trust

Donald Forrester Trust

Principal risks and mitigations

The Charity's principal risks are:

- A failure to maintain current customers and to grow the customer base in our social enterprises could undermine their viability.
 - At the time of writing, we are mitigating the risks arising from Covid by keeping in close touch with customers and by deploying our workshop supervisory team on packing and assembly duties
 - We have secured pro bono business development support to assist with a social enterprise business growth plan.
 - Our fundraiser has an ambitious income target to support the continued viability of our packing and assembly social enterprise in particular
- A failure to maintain a portfolio of statutory sector contracts would have a significant impact on the Charity's financial position, reducing the contribution to overheads and margin.
- An illustration of this risk is that, sadly, our IPS contracts with Birmingham and Solihull CCG come to an end at the end of March 2021. As a result we will no longer have a contribution to overheads and margin which presents a risk to operations and we are mitigating that in the following ways:

Trustees' annual report

For the year ended 31 March 2020

- We are actively seeking out opportunities to bid for replacement contracts (at the time of writing we are awaiting the outcome of a bid for an ESF project and are anticipating confirmation soon of an extension to an existing Youth Promise Plus Mental Health Wrap Around contract).
- Opportunities for collaboration with other 3rd sector organisations are being explored, for example, in back office functions and shared accommodation.
- New 'products' are being developed to take to market, eg, Vulnerability Awareness Training aimed initially at the utility sector and a new mental health and wellbeing offer to employers (for all employees, senior leadership teams and HR practitioners)
- In recognition of the need for capacity to grow the business, we are retaining staff and senior team members that are not transferring with the IPS contract.
- An over-arching turnaround programme has been established, Chaired by a board trustee.

Reserves policy and going concern

The trustees' policy is to maintain 90 days' expenditure in the general reserves to provide working capital and reserves for unforeseen reductions in cash flow. The general reserve at 31 March 2020 amounted to 51 days expenditure; last year this was standing at 36 days. Actions to recover this position are being addressed by the Board as set out elsewhere in this report.

The Charity's headquarters building in Alcester Street is over 75 years old. In the year ending 31st March 2019, we moved £44,162 from the premises improvement fund into general reserves to improve our premises and to undertake additional repairs to the building. Roof repairs so far account for £8k, further repairs are required (quote pending), £10k is required for a strategic design document being produced by APEC Architects that will set out options for a buildings refurbishment scheme, and the remainder will be used to implement recommendations contained in the recent Health & Safety report produced by Safety Forward, our H&S consultants. The buildings refurbishment strategic design document will, subject to Board approval, be used to launch a capital fundraising appeal once it is finalised.

In the year ending 31st March 2019, we moved £16,041 from the Future Investment Social Enterprises Fund into general reserves. This was to support Better Assembly Services with additional marketing and promotion with the aim of increasing productivity, income and the wellbeing of our service users.

In the year ending 31st March 2020, £103,485 was transferred to the Tangible Fixed Assets designated fund to bring the closing balance in line with the current year net book value excluding any restricted capital funds.

The funds allocated to designated funds will be used solely for investment in charitable activities. Investment will improve the services on offer and support new investments in the future.

Our Plans

- We will continue to explore opportunities to build our portfolio of employment support services based on our strengths in the field of mental health and expertise in helping people to become 'work ready' and to find and stay in work.
- We will deliver a growth strategy for the income generating areas of our business utilizing our newly launched website, our improved social media presence and marketing literature. We have our first high profile energy customer for our Vulnerability Awareness Training and will seek more customers. We have a database of customers to whom we will market our soon to be re-launched mental health and wellbeing offer.
- We will explore opportunities for collaborating with 3rd sector partners to bid jointly for new business and to explore how back office functions might be shared or secured through some form of central provision.
- We have produced a feasibility study setting out options for the refurbishment/rebuilding of our Digbeth premises. We will develop our vision for our building in light of the outcome of the strategy refresh covered in the 'risks' section of this annual report. We are also exploring potential for sharing our space with other 3rd sector organisations in light of COVID-19 and the impact this is having on home working and city-based office accommodation requirements.
- We will establish a more systematic approach to social impact reporting, building on the improved reporting included in this annual report.
- We will seek out new partnerships and opportunities to secure ambassadorial support in order to help achieve some of the above.

Accreditations

- We will continue to meet the requirements of the Investors in People standard and using the IIP Extended Framework and MATRIX standards continue to develop an organisational culture of continuous learning, including IT skills and the use of social media.
- During the year the Charity has kept its Mindful Employer Status and Disability Positive level 2.
- We achieved IPS Centre of Excellence in September 2020. This confirms the quality of our Individual Placement and Support Service

Structure, governance and management

The organisation is a charitable company limited by guarantee, incorporated in England and Wales in September 1965 and registered as a Charity on 11 February 1963.

The company was established under a memorandum of association, which established the objects and powers of the charitable company and is governed under its articles of association.

All trustees give their time voluntarily and receive no benefits from the Charity. Any expenses reclaimed from the Charity are set out in note 6 to the accounts.

Trustees are elected at the general meeting. Nominations for additional trustees may be made by Board members. All directors serve in an honorary capacity and are the trustees of the charity. There is a rotational process in place with three trustees retiring from the board each year; however, these trustees can offer themselves for re-election should they wish to do so. We try to ensure that Board members reflect appropriate diversity in terms of age, gender and ethnicity and possess the skills required to direct the organisation.

At no time during the year did any trustee have an interest in a contract entered into by the Association in relation to the activities of the Association other than their involvement as employees of Mental Health Trusts.

No remuneration or other benefits have been paid or are payable to any trustee of the Association either directly or indirectly from the funds of the Association.

The overall policy of the Association is set by the trustees at regular meetings of the Board. Day to day running of the Association is managed by the Chief Executive, Sue Roberts, and her support staff. Three sub-committees meet on a quarterly basis. Regular feedback is obtained from the Service User Forum made up of service users engaged in activities with the Association.

Appointment of trustees

We use the guidance for trustee recruitment published by the Charity Commission. Regular skills audits are completed, gaps are identified, and new Trustees appointed based on these gaps.

Trustee induction and training

The Trustee induction handbook covers training to be undertaken, visits to be made, meetings to be attended:

- Trustee Role and Responsibilities – Job description
- Trustee Code of Conduct – Conflicts of Interest
- Timetable of Annual Key tasks
- Glossary of Terms
- Trustee Contact details
- Expenses – How to claim travel and other expenses
- Feedback Form
- Induction visits and meetings include:
 - Attendance requirements and feedback – meeting with Board Chair
 - Organisation background and history – meeting with Chief Executive
 - Mental Health First Aid (2-day accredited course)
 - Visits to all locations

Required reading includes:

- Memorandum & Articles
- Audited Accounts and Annual Report
- Risk Register
- Strategic Plan
- Organisation Chart
- Policies and Procedures

Related parties and relationships with other organisations

No relationships exist between the Association and any related parties and there are no subsidiary undertakings.

The Association cooperates with other charities in the pursuit of its charitable objectives.

Remuneration policy for key management personnel

The Board has a remuneration committee comprising the Chair of the Board and the Chair of Finance, Audit & Risk Sub-Committee. The Chair conducts the annual appraisal of the Chief Executive and agrees her salary, which is benchmarked against comparable organisations in the not for profit sector. The salary is endorsed by the full Board.

Policy for employment of disabled persons

The Association has an Equality and Diversity policy which commits the Association to examine its selection and appointment process, personnel procedures and training provisions to ensure the elimination of direct or indirect discrimination and the provision of equality of opportunity for the protected characteristics contained within the Equality Act 2010.

Trustees' annual report

For the year ended 31 March 2020

There are regular reviews to maintain good employment practices and those engaged in the selection process will be made aware of the Equality and Diversity Policy, the Acts and their personal liability to law.

Employee information

The Association aims to provide employees with as much information as possible on matters of concern to them as employees. Responsibility for doing this rests with members of the Senior Leadership Team, coordinated through the Head of Human Resources.

Funds held as custodian trustee on behalf of others

No funds are held by the Association as custodian trustee on behalf of others.

Statement of responsibilities of the trustees

The trustees (who are also directors of Birmingham Industrial Therapy Association Ltd for the purposes of company law) are responsible for preparing the trustees' annual report including the strategic report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the trustees are required to:

- Select suitable accounting policies and then apply them consistently
- Observe the methods and principles in the Charities SORP
- Make judgements and estimates that are reasonable and prudent
- State whether applicable UK Accounting Standards and statements of recommended practice have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation

Trustees' annual report

For the year ended 31 March 2020

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable 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 charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as, the trustees are aware:

- There is no relevant audit information of which the charitable company's auditor is unaware
- The trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Trustees are appointed by the Charity's members (who guarantee to contribute an amount not exceeding £1 to the assets of the Charity in the event of winding up. The total number of such guarantees at 31 March 2020 was 11 (2019: 12). As members, trustees have a right to vote; they have no beneficial interest in the Charity.

The trustees' annual report has been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The trustees' annual report has been approved by the trustees on 15 February 2021 and signed on their behalf by

Simon Lawrence Chair, Board of Trustees

Sue Roberts Chief Executive Officer

Independent auditor's report

To the members of

Birmingham Industrial Therapy Association Limited

Opinion

We have audited the financial statements of Birmingham Industrial Therapy Association Limited (the 'charitable company') for the year ended 31 March 2020 which comprise the statement of financial activities, balance sheet, statement of cash flows and 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 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 charitable company's affairs as at 31 March 2020 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- Have been prepared in accordance with the requirements of the Companies Act 2006

Basis for opinion

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- The trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- The trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the trustees' annual report, other than the financial statements and our auditor's report thereon. The trustees 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

Independent auditor's report

To the members of

Birmingham Industrial Therapy Association Limited

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.

Opinions on other matters prescribed by the Companies Act 2006

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

- The information given in the trustees' annual report for the financial year for which the financial statements are prepared is consistent with the financial statements
- The trustees' annual 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 charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' annual 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 trustees' remuneration specified by law are not made; or
- We have not received all the information and explanations we require for our audit; or
- The trustees 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 trustees' annual report and from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities set out in the trustees' annual report, the trustees (who are also the directors of the charitable company for the purposes of company law) 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 trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Independent auditor's report

To the members of

Birmingham Industrial Therapy Association Limited

In preparing the financial statements, the trustees are responsible for assessing the charitable 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 trustees either intend to liquidate the charitable 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 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 based on these financial statements.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is enough and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Independent auditor's report

To the members of

Birmingham Industrial Therapy Association Limited

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

This report is made solely to the charitable 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 charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Fleur Holden (Senior statutory auditor)

25 February 2021

for and on behalf of Sayer Vincent LLP, Statutory Auditor

Invicta House, 108-114 Golden Lane, LONDON, EC1Y 0TL

Birmingham Industrial Therapy Association Limited

Statement of financial activities (incorporating an income and expenditure account)

For the year ended 31 March 2020

	Note	Unrestricted continuing activities £	Unrestricted discontinued activities £	Restricted continuing activities £	2020 Total £	2019 Total £
Income from:						
Donations		-	-	-	-	31,327
Charitable activities						
Core activities	3	2,052,962	-	13,000	2,065,962	1,800,008
Recovery and Employment	3	326,806	-	-	326,806	421,463
Social Enterprise – Production Assembly Services	3	128,586	-	20,000	148,586	179,636
Social Enterprise – Express Signs	3	69,393	-	-	69,393	74,821
Charitable activities (discontinued operations)						
Social Enterprise – Park Lane Garden Centre	3a	-	-	-	-	14,399
Social Enterprise – Textiles' by St. Anne's	3a	-	-	-	-	31,636
Bank Interest		-	-	-	-	189
Other Income		-	-	-	-	17,574
Total income		2,577,747	-	33,000	2,610,747	2,571,053
Expenditure on:						
Charitable activities						
Recovery and Employment	4	2,129,479	-	-	2,129,479	2,130,276
Social Enterprise – Park Lane Garden Centre	4	-	-	-	-	145,905
Social Enterprise – Production Assembly Services	4	233,749	-	42,682	276,431	357,378
Social Enterprise – Textiles' by St. Anne's	4	-	-	-	-	138,875
Social Enterprise – Express Signs	4	102,484	-	-	102,484	106,588
Total expenditure		2,465,712	-	42,682	2,508,394	2,879,022
Net income / (expenditure) for the year		112,035	-	(9,682)	102,353	(307,969)
Net movement in funds	17	112,035	-	(9,682)	102,353	(307,969)
Reconciliation of funds:						
Total funds brought forward		406,446	-	48,698	455,144	763,113
Total funds carried forward		518,481	-	39,016	557,497	455,144

All of the above results are derived from continuing activities, except where shown. There were no other recognised gains or losses other than those stated above. Movements in funds are disclosed in Note 17 to the financial statements.

Birmingham Industrial Therapy Association Limited

Balance sheet

Company no. 00748773

As at 31 March 2020

	Note	£	2020 £	£	2019 £
Fixed assets:					
Tangible assets	10		241,935		273,329
			241,935		273,329
Current assets:					
Stock	11	4,730		3,763	
Debtors	12	156,022		101,552	
Short Term Deposit		75,769		75,609	
Cash at bank and in hand		309,383		416,504	
			545,904	597,428	
Liabilities:					
Creditors: amounts falling due within one year	13	230,342		415,613	
Net current assets			315,562		181,815
Total assets less current liabilities			557,497		455,144
Total net assets			557,497		455,144
The funds of the charity:	17				
Restricted income funds			39,016		48,698
Unrestricted income funds:					
Designated funds		228,671		158,539	
General funds		289,810		247,907	
Total unrestricted funds			518,481		406,446
Total charity funds			557,497		455,144

Approved by the trustees on 15th February 2021 and signed on their behalf by

Simon Lawrence
Chair

Birmingham Industrial Therapy Association Limited

Statement of cash flows

For the year ended 31 March 2020

	Note	2020 £	£	2019 £	£
Cash flows from operating activities					
Net cash used in operating activities	19		(102,139)		162,217
Cash flows from investing activities:					
Interest received		160		189	
Sales of fixed assets		–		8,056	
Purchase of fixed assets		(4,982)		(52,859)	
Net cash used in investing activities			(4,822)		(44,614)
Cash flows from financing activities:					
Change in cash and cash equivalents in the year			(106,961)		117,603
Cash and cash equivalents at the beginning of the year			492,113		374,510
Cash and cash equivalents at the end of the year	20		385,152		492,113

Notes to the financial statements

For the year ended 31 March 2020

1 Accounting policies

a) Statutory information

Birmingham Industrial Therapy Association Limited is a charitable company limited by guarantee and is incorporated in the United Kingdom. The registered office address and principle place of business is 201–206 Alcester Street, Digbeth, Birmingham, B12 0NQ.

b) Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) – (Charities SORP FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy or note.

In applying the financial reporting framework, the trustees have made a number of subjective judgements, for example in respect of significant accounting estimates. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The nature of the estimation means the actual outcomes could differ from those estimates. Any significant estimates and judgements affecting these financial statements are detailed within the relevant accounting policy below.

c) Public benefit entity

The charitable company meets the definition of a public benefit entity under FRS 102.

d) Going concern

The trustees consider that there are no material uncertainties about the charitable company's ability to continue as a going concern.

The trustees do not consider that there are any sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

e) Discontinued operations

Income and expenditure for the year to 31 March 2019 relating to the social enterprises Park Lane Garden Centre and Textiles by St Anne's have been classified as discontinued operations as both of these social enterprises were closed during the year. No operations were discontinued in the year to 31 March 2020. In the year to 31 March 2021 operations will be continuing but at a reduced level due to the cessation of the MHRE contract on 31 March 2021. This is explained in more detail in the trustees' annual report.

f) Income

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the income have been met, it is probable that the income will be received and that the amount can be measured reliably.

Income from government and other grants, whether 'capital' grants or 'revenue' grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

Income received in advance of the provision of a specified service is deferred until the criteria for income recognition are met.

g) Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

h) Fund accounting

Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure which meets these criteria is charged to the fund.

Unrestricted funds are donations and other incoming resources received or generated for the charitable purposes.

Designated funds are unrestricted funds earmarked by the trustees for particular purposes.

i) Expenditure and irrecoverable VAT

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

- Expenditure on charitable activities includes the costs of providing education, volunteering and employment services to the service users undertaken to further the purposes of the charity and their associated support costs
- Other expenditure represents those items not falling into any other heading

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

Notes to the financial statements

For the year ended 31 March 2020

1 Accounting policies (continued)

j) Allocation of support costs

Resources expended are allocated to the particular activity where the cost relates directly to that activity. However, the cost of overall direction and administration of each activity, comprising the salary and overhead costs of the central function, is apportioned on the following basis which are an estimate, based on staff time, of the amount attributable to each activity.

Where information about the aims, objectives and projects of the charity is provided to potential beneficiaries, the costs associated with this publicity are allocated to charitable expenditure.

Where such information about the aims, objectives and projects of the charity is also provided to potential donors, activity costs are apportioned between fundraising and charitable activities on the basis of staff time by each activity.

● Recovery and Employment	58%
● Social Enterprise – Production Assembly Services	32%
● Social Enterprise – Express Signs	10%

k) Operating leases

Rental charges are charged on a straight line basis over the term of the lease.

l) Tangible fixed assets

Items of equipment are capitalised where the purchase price exceeds £250. Depreciation costs are allocated to activities on the basis of the use of the related assets in those activities. Assets are reviewed for impairment if circumstances indicate their carrying value may exceed their net realisable value and value in use.

Where fixed assets have been revalued, any excess between the revalued amount and the historic cost of the asset will be shown as a revaluation reserve in the balance sheet.

Depreciation is provided at rates calculated to write down the cost of each asset to its estimated residual value over its expected useful life.

The depreciation rates in use are as follows:

● Freehold Building	50 years
● Motor Vehicles, Computer Equipment	4 years
● Plant, Fixture and Fittings	10 years

n) Stocks

Stocks are stated at the lower of cost and net realisable value. In general, cost is determined on a first in first out basis and includes transport and handling costs. Net realisable value is the price at which stocks can be sold in the normal course of business after allowing for the costs of realisation. Provision is made where necessary for obsolete, slow moving and defective stocks. Donated items of stock, held for distribution or resale, are recognised at fair value which is the amount the charity would have been willing to pay for the items on the open market.

o) Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

p) Short term deposits

Short term deposits includes cash balances that are invested in accounts with a maturity date of between 3 and 12 months.

q) Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

r) Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

s) Financial Instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

t) Pensions

The charity has a NEST pension scheme to offer all employees. The charity is contributing a minimum employer contribution percentage into the scheme set by the Pension Regulator.

Notes to the financial statements

For the year ended 31 March 2020

2 Detailed comparatives for the statement of financial activities (prior year)

	Unrestricted continuing activities £	Unrestricted discontinued activities £	Restricted continuing activities £	2019 Total £
Income from:				
Donations	31,327	–	–	31,327
Charitable activities:				
Core activities	1,800,008	–	–	1,800,008
Learning and Work	404,978	–	16,485	421,463
Social Enterprise – Production Assembly Services	100,080	–	79,556	179,636
Social Enterprise – Express Signs	74,821	–	–	74,821
Charitable activities (discontinued operations):				
Social Enterprise – Park Lane Garden Centre	–	14,399	–	14,399
Social Enterprise – Textiles' by St Anne's	–	31,636	–	31,636
Bank interest	189	–	–	189
Other	17,574	–	–	17,574
Total income	2,428,977	46,035	96,041	2,571,053
Expenditure on:				
Charitable activities:				
Learning and Work	2,130,276	–	–	2,130,276
Social Enterprise – Park Lane Garden Centre	–	129,420	16,485	145,905
Social Enterprise – Production Assembly Services	273,665	–	83,713	357,378
Social Enterprise – Textiles' by St Anne's	–	138,875	–	138,875
Social Enterprise – Express Signs	106,588	–	–	106,588
Total expenditure	2,510,529	268,295	100,198	2,879,022
Net (expenditure) for the year	(81,552)	(222,260)	(4,157)	(307,969)

Notes to the financial statements

For the year ended 31 March 2020

3a Income from charitable activities (current year)

	Unrestricted continuing activities £	Restricted continuing activities £	2020 Total £	2019 Total £
Birmingham City Cross CCG Funding	2,023,539	–	2,023,539	1,733,700
Grant funding for core activities	–	13,000	13,000	57,277
Other	29,423	–	29,423	9,031
Total for Core Activities	2,052,962	13,000	2,065,962	1,800,008
Birmingham City Council– Neurodiverse	55,000	–	55,000	110,000
Prospects – Thrive into Work	145,238	–	145,238	124,402
Birmingham Solihull Mental Health Trust	80,894	–	80,894	15,407
Mental Health First Aid Training	45,674	–	45,674	40,466
Building Better Opportunities	–	–	–	16,485
Birmingham City Council –Youth Promise Plus	–	–	–	108,482
Birmingham City Council – IAG, Employability	–	–	–	6,221
Total for Recovery and Employment	326,806	–	326,806	421,463
Earned Income	–	–	–	14,399
Total for Social Enterprise – Park Lane Garden Centre	–	–	–	14,399
Birmingham and Sandwell Councils	7,651	–	7,651	–
Earned Income	120,935	20,000	140,935	179,636
Total for Social Enterprise – Better Assembly Services	128,586	20,000	148,586	179,636
Earned Income	–	–	–	26,971
Birmingham City University	–	–	–	4,665
Total for Social Enterprise – Textiles' By St. Anne's	–	–	–	31,636
Birmingham Solihull Mental Health Trust	53,000	–	53,000	53,000
Earned Income	16,393	–	16,393	21,821
Total for Social Enterprise – Express Signs	69,393	–	69,393	74,821
Total income from charitable activities	2,577,747	33,000	2,610,747	2,521,963

Notes to the financial statements

For the year ended 31 March 2020

3b Income from charitable activities (prior year)

	Unrestricted continuing activities	Unrestricted discontinued activities	Restricted continuing activities £	2019 Total £	2018 Total £
Birmingham City Cross CCG Funding	1,733,700	-	-	1,733,700	963,150
Grant funding for core activities	57,277	-	-	57,277	-
Other	9,031	-	-	9,031	-
Total for Core Activities	1,800,008	-	-	1,800,008	963,150
West Midlands Police	-	-	-	-	37,500
Building Better Opportunities	-	-	16,485	16,485	60,393
Thrive- Prospects	124,402	-	-	124,402	2,904
Birmingham Solihull Mental Health Trust	15,407	-	-	15,407	-
Social Investment Business Limited	-	-	-	-	50,975
Training Delivery- MHFA	40,466	-	-	40,466	6,825
Birmingham City Council -Youth Promise Plus	108,482	-	-	108,482	388,544
Youth Promise Plus - Prospects	-	-	-	-	49,543
Birmingham City Council - IAG, Employability	6,221	-	-	6,221	43,531
Birmingham City Council- Neurodiverse	110,000	-	-	110,000	-
Total for Learning and Work	404,978	-	16,485	421,463	640,215
Birmingham Metropolitan College	-	-	-	-	1,500
Earned Income	-	14,399	-	14,399	83,246
Total for Social Enterprise-Park Lane Garden Centre	-	14,399	-	14,399	84,746
Birmingham and Sandwell Councils	-	-	-	-	10,570
Earned Income	100,080	-	79,556	179,636	187,021
Total for Social Enterprise- Production Assembly Services	100,080	-	79,556	179,636	197,591
Earned Income	-	26,971	-	26,971	82,640
Birmingham City University	-	4,665	-	4,665	3,339
Total for Social Enterprise- Textiles' By St. Anne's	-	31,636	-	31,636	85,979
Birmingham Solihull Mental Health Trust	53,000	-	-	53,000	53,000
Earned Income	21,821	-	-	21,821	22,700
Total for Social Enterprise- Express Signs	74,821	-	-	74,821	75,700
Total income from charitable activities	2,379,887	46,035	96,041	2,521,963	2,047,381

Notes to the financial statements

For the year ended 31 March 2020

4a Analysis of expenditure (current year)

	Charitable activities								
	Discontinued operations								
	Social Enterprise – Recovery and Employment £	Social Enterprise – Production Assembly Services £	Social Enterprise – Express Signs £	Social Enterprise – Park Lane Garden Centre £	Social Enterprise – Textiles' by St. Anne's £	Governance costs £	Support costs £	2020 Total £	2019 Total £
Staff costs (Note 6)	620,821	75,939	43,000	–	–	–	220,421	960,181	1,175,049
Delivery by other partners	1,167,004	–	–	–	–	–	–	1,167,004	1,189,872
Recruitment, training and consultancy	6,730	7,875	–	–	–	–	23,247	37,852	43,298
Travel	7,541	8,764	–	–	–	–	1,670	17,975	19,151
Material	4,669	21	3,105	–	–	–	–	7,795	38,971
Clients Allowance and training	6,979	39,143	1,945	–	–	–	2,494	50,561	64,752
Premises Cost	42,902	18,557	16,241	–	–	–	30,883	108,583	161,046
Communication	66,087	9,268	4,423	–	–	–	18,426	98,204	83,674
Canteen and sundry expenses	5,633	875	50	–	–	–	7,215	13,773	34,955
Audit fee	–	–	–	–	–	8,050	–	8,050	7,900
Marketing	295	190	–	–	–	–	503	988	6,018
Bank charges	697	127	57	–	–	–	171	1,052	2,676
Depreciation	4,874	7,950	–	–	–	–	23,552	36,376	44,214
Loss on fixed assets disposal	–	–	–	–	–	–	–	–	7,445
	1,934,232	168,709	68,821	–	–	8,050	328,582	2,508,394	2,879,022
Support costs	190,578	105,146	32,858	–	–	–	(328,582)	–	–
Governance costs	4,669	2,576	805	–	–	(8,050)	–	–	–
Total expenditure 2020	2,129,479	276,431	102,484	–	–	–	–	2,508,394	2,879,022
Total expenditure 2019	2,130,276	357,378	106,588	145,905	138,875	–	–	2,879,022	

Notes to the financial statements

For the year ended 31 March 2020

4b Analysis of expenditure (prior year)

	Charitable activities								
				Discontinued operations					
	Recovery and Employment £	Social Enterprise – Production Assembly Services £	Social Enterprise – Express Signs £	Social Enterprise – Park Lane Garden Centre £	Social Enterprise – Textiles' by St. Anne's £	Governance costs £	Support costs £	2019 Total £	2018 Total £
Staff costs (Note 6)	610,631	124,345	43,000	65,743	63,991	10,429	256,911	1,175,049	1,234,409
Delivery by other partners	1,189,872	–	–	–	–	–	–	1,189,872	–
Recruitment, training and consultancy	22,690	–	–	–	584	–	20,025	43,298	182,235
Travel	3,362	11,894	12	1,776	103	–	2,003	19,151	18,722
Material	1,147	8,440	5,035	9,042	14,818	–	489	38,971	57,398
Clients Allowance and training	11,418	46,654	2,569	875	169	–	3,067	64,752	101,507
Premises Cost	38,737	48,194	14,895	24,887	14,506	–	19,827	161,046	183,539
Communication	51,310	5,790	2,685	816	1,128	–	21,945	83,674	40,139
Canteen and sundry expenses	10,074	12,255	–	371	132	–	12,123	34,955	39,783
Audit fee	–	–	–	–	–	7,900	–	7,900	7,592
Marketing	693	–	–	–	1,580	–	3,745	6,018	13,190
Bank charges	997	655	–	1,009	15	–	–	2,676	1,693
Depreciation	5,061	10,920	–	1,632	2,750	–	23,851	44,214	29,979
Loss on fixed assets disposal	–	3,767	–	1,362	706	–	1,610	7,445	2,090
	1,945,992	272,914	68,196	107,513	100,482	18,329	365,596	2,879,022	1,912,276
Support costs	175,486	80,432	36,559	36,559	36,560	–	(365,596)	–	–
Governance costs	8,798	4,032	1,833	1,833	1,833	(18,329)	–	–	–
Total expenditure 2019	2,130,276	357,378	106,588	145,905	138,875	–	–	2,879,022	1,912,276
Total expenditure 2018	1,063,334	285,172	89,601	278,475	195,694	–	–	1,912,276	

Notes to the financial statements

For the year ended 31 March 2020

5 Net income / (expenditure)

This is stated after charging / (crediting):

	2020 £	2019 £
Depreciation	36,376	44,214
Operating lease rentals:		
Property	14,896	29,750
Other	25,472	20,058
Auditors' remuneration (excluding VAT):		
Audit	8,050	8,400

6 Analysis of staff costs, trustee remuneration and expenses, and the cost of key management personnel

Staff costs were as follows:

	2020 £	2019 £
Salaries and wages	807,937	966,915
Redundancy and termination costs	20,487	62,383
Social security costs	71,969	89,197
Other Staff Costs	43,000	43,000
Employer's contribution to defined contribution pension schemes	16,789	13,554
	960,182	1,175,049

In 2020, due to restructuring the charity made some employees redundant. The redundancy costs totalled £13,088 (2019: £62,383) and were fully paid during the year.

The following number of employees received employee benefits (excluding employer pension costs and employer's national insurance) during the year between:

	2020 No.	2019 No.
£70,000 – £79,999	1	–
£80,000 – £89,999	–	1

The total employee benefits (including employer's pension contributions and employer's national insurance) of the key management personnel were £79,785 (2019: £104,296)

The charity trustees were not paid or received any other benefits from employment with the charity in the year (2020: £nil). No charity trustee received payment for professional or other services supplied to the charity (2019: £nil).

Trustees' expenses represents the payment or reimbursement of travel and subsistence costs totalling £Nil (2019: £714) incurred by 0 (2019: 1) members relating to attendance at meetings of the trustees.

7 Staff numbers

The average number of employees (head count based on number of staff employed) during the year was as follows:

	2020 No.	2019 No.
Recovery & Employment	20.8	22.4
Training	1.3	2.0
Social Enterprise– Park Lane Garden Centre	–	1.3
Social Enterprise– Production Assembly Services	3.7	5.5
Social Enterprise– Textiles' By St. Anne's	–	3.3
Support	6.0	8.9
	31.8	43.4

8 Related party transactions

Aggregated donations from related parties were £Nil (2019: £65).

There are no donations from related parties which are outside the normal course of business and no restricted donations from related parties.

Martin Commander, Vice Chair Board of Trustees is a paid consultant to Birmingham Solihull Mental Health Trust (BSMHFT). During the year the charity received income of £80,894 (2019: £15,407) from BSMHFT which was provided on an arms length basis.

Notes to the financial statements

For the year ended 31 March 2020

9 Taxation

The charitable company is exempt from corporation tax as all its income is charitable and is applied for charitable purposes.

10 Tangible fixed assets

	Freehold property £	Plant, fixtures and fittings £	Computer equipment £	Motor vehicles £	Total £
Cost					
At the start of the year	312,910	304,270	169,486	26,163	812,829
Additions in year	–	–	4,982	–	4,982
Disposals in year	–	–	–	(26,163)	(26,163)
At the end of the year	<u>312,910</u>	<u>304,270</u>	<u>174,468</u>	<u>–</u>	<u>791,648</u>
Depreciation					
At the start of the year	147,674	239,393	126,270	26,163	539,500
Charge for the year	6,492	12,838	17,045	–	36,376
Eliminated on disposal	–	–	–	(26,163)	(26,163)
At the end of the year	<u>154,166</u>	<u>252,231</u>	<u>143,315</u>	<u>–</u>	<u>549,713</u>
Net book value					
At the end of the year	<u>158,744</u>	<u>52,039</u>	<u>31,153</u>	<u>–</u>	<u>241,935</u>
At the start of the year	<u>165,236</u>	<u>64,877</u>	<u>43,216</u>	<u>–</u>	<u>273,329</u>

Land with a value of £36,625 (2019: £36,625) is included within freehold property and not depreciated.

All of the above assets are used for charitable purposes.

11 Stock

	2020 £	2019 £
Finished goods	<u>4,730</u>	<u>3,763</u>
	<u>4,730</u>	<u>3,763</u>

12 Debtors

	2020 £	2019 £
Trade debtors	<u>123,202</u>	<u>63,095</u>
Prepayments	<u>32,820</u>	<u>38,457</u>
	<u>156,022</u>	<u>101,552</u>

Notes to the financial statements

For the year ended 31 March 2020

13 Creditors: amounts falling due within one year

	2020 £	2019 £
Trade creditors	158,793	295,311
Taxation and social security	25,284	32,098
Accruals	24,436	27,804
Deferred income (note 14)	21,829	60,400
	230,342	415,613

14 Deferred income

Deferred income comprises participant costs received in advance.

	2020 £	2019 £
Balance at the beginning of the year	60,400	57,571
Amount released to income in the year	(47,846)	(9,725)
Amount deferred in the year	9,275	12,554
Balance at the end of the year	21,829	60,400

15 Pension Scheme

The charity pays employer's contributions into the NHS pension scheme for some employees. The charity offers an auto-enrolment into the NEST pension scheme. At the end of the year the liability of the NHS pension was £nil (2019: £nil) and the liability of the NEST pension scheme was £nil (2019: £nil).

Past and present employees are covered by the provisions of the two NHS Pension Schemes. Details of the benefits payable and rules of the Schemes can be found on the NHS Pensions website at www.nhsbsa.nhs.uk/pensions. Both are unfunded defined benefit schemes that cover NHS employers, GP practices and other bodies, allowed under the direction of the Secretary of State in England and Wales. They are not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, each scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS body of participating in each scheme is taken as equal to the contributions payable to that scheme for the accounting period.

In order that the defined benefit obligations recognised in the financial statements do not differ materially from those that would be determined at the reporting date by a formal actuarial valuation, the FReM requires that "the period between formal valuations shall be four years, with approximate assessments in intervening years". An outline of these follows:

a) Accounting valuation

A valuation of scheme liability is carried out annually by the scheme actuary (currently the Government Actuary's Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and is accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2020, is based on valuation data as at 31 March 2019, updated to 31 March 2020 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

The latest assessment of the liabilities of the scheme is contained in the report of the scheme actuary, which forms part of the annual NHS Pension Scheme Accounts. These accounts can be viewed on the NHS Pensions website and are published annually. Copies can also be obtained from The Stationery Office.

b) Full actuarial (funding) valuation

The purpose of this valuation is to assess the level of liability in respect of the benefits due under the schemes (taking into account recent demographic experience), and to recommend contribution rates payable by employees and employers.

The latest actuarial valuation undertaken for the NHS Pension Scheme was completed as at 31 March 2016. The results of this valuation set the employer contribution rate payable from April 2019. The Department of Health and Social Care have recently laid Scheme Regulations confirming that the employer contribution rate will increase to 20.6% of pensionable pay from this date.

The 2016 funding valuation was also expected to test the cost of the Scheme relative to the employer cost cap set following the 2012 valuation. Following a judgment from the Court of Appeal in December 2018 Government announced a pause to that part of the valuation process pending conclusion of the continuing legal process.

The charity pays employer's contributions into the NHS pension scheme for some employees. The charity offers an auto-enrolment into the NEST pension scheme. At the end of the year the liability of the NHS pension was £nil (2019: £nil) and the liability of the NEST pension scheme was £nil (2019: £nil).

Notes to the financial statements

For the year ended 31 March 2020

16a Analysis of net assets between funds (current year)

	General unrestricted £	Designated £	Restricted £	Total funds £
Tangible fixed assets	–	208,671	33,264	241,935
Net current assets	289,810	20,000	5,752	315,562
Net assets at 31 March 2020	289,810	228,671	39,016	557,497

16b Analysis of net assets between funds (prior year)

	General unrestricted £	Designated £	Restricted £	Total funds £
Tangible fixed assets	95,244	138,539	39,546	273,329
Net current assets	152,663	20,000	9,152	181,815
Net assets at 31 March 2019	247,907	158,539	48,698	455,144

17a Movements in funds (current year)

	At 1 April 2019 £	Income £	Expenditure £	Transfers £	At 31 March 2020 £
Restricted funds:					
Freehold Property	26,787	–	(1,267)	–	25,520
ERDF Catalysts Enterprises Grant	9,500	–	(1,756)	–	7,744
The Rowlands Trust	2,700	–	(300)	–	2,400
Wesleyan Foundation	8,000	–	(8,000)	–	–
Big Lottery Fund–Garden Pathways	559	–	(559)	–	–
National Lottery Community Fund	–	10,000	(9,000)	–	1,000
The Roger & Douglas Turner Charitable Trust	–	3,000	(3,000)	–	–
The Grimmett Trust	–	2,000	(2,000)	–	–
Birmingham District Nursing Charitable Trust	–	3,000	(3,000)	–	–
The Eveson Charitable Trust	–	7,000	(7,000)	–	–
Donald Forrester Trust	–	5,000	(5,000)	–	–
Other Small Restricted Grants	1,152	3,000	(1,800)	–	2,352
Total restricted funds	48,698	33,000	(42,682)	–	39,016
Unrestricted funds:					
Designated funds:					
Tangible Fixed Assets Funds	138,539	–	(33,353)	103,485	208,671
Future Investment for Social Enterprises	10,000	–	–	–	10,000
Premises Improvement Fund	10,000	–	–	–	10,000
Total designated funds	158,539	–	(33,353)	103,485	228,671
General funds	247,907	2,577,747	(2,432,359)	(103,485)	289,810
Total unrestricted funds	406,446	2,577,747	(2,465,712)	–	518,481
Total funds at 31 March 2020	455,144	2,610,747	(2,508,394)	–	557,497

Notes to the financial statements

For the year ended 31 March 2020

17b Movements in funds (prior year)

	At 1 April 2018 £	Income £	Expenditure £	Transfers £	At 31 March 2019 £
Restricted funds:					
Freehold Property	28,054	-	(1,267)	-	26,787
Big Lottery Fund – Building Better Opportunities	-	16,485	(16,485)	-	-
The Cloth Workers' Foundation	657	-	(657)	-	-
ERDF Catalysts Enterprises Grant	11,256	-	(1,756)	-	9,500
Birmingham City Council– Youth Promise Plus	9,725	-	(9,725)	-	-
CHK Charities	-	10,000	(10,000)	-	-
Eveson Charitable Trust	-	7,000	(7,000)	-	-
The Rowlands Trust	-	3,000	(300)	-	2,700
The Eveson Charitable Trust	2,500	-	(2,500)	-	-
William. A Cadbury Charitable Trust	-	20,000	(20,000)	-	-
Edward Cadbury Trust	-	5,000	(5,000)	-	-
Garfield Weston Foundation	-	15,000	(15,000)	-	-
Wesleyan Foundation	-	8,000	-	-	8,000
The Pixel Fund	-	4,000	(4,000)	-	-
Lord Austin Trust	-	1,000	(1,000)	-	-
George Henry Collins Charity	-	1,000	(1,000)	-	-
W. E. Dunn Trust	-	1,000	(1,000)	-	-
The Patrick Trust	-	1,000	(1,000)	-	-
Other Small Restricted Grants	-	3,556	(2,404)	-	1,152
Big Lottery Fund–Garden Pathways	663	-	(104)	-	559
Total restricted funds	52,855	96,041	(100,198)	-	48,698
Unrestricted funds:					
Designated funds:					
Tangible Fixed Assets Funds	176,171	-	(37,632)	-	138,539
Future Investment for Social Enterprises	26,041	-	-	(16,041)	10,000
Premises Improvement Fund	54,162	-	-	(44,162)	10,000
Total designated funds	256,374	-	(37,632)	(60,203)	158,539
General funds	453,884	2,475,012	(2,741,192)	60,203	247,907
Total unrestricted funds	710,258	2,475,012	(2,778,824)	-	406,446
Total funds at 31 March 2019	763,113	2,571,053	(2,879,022)	-	455,144

18 Purposes of restricted funds

Freehold Property: Funding received from The Big Lottery Fund for improvement to the reception area of the Digbeth premises. Depreciation will be charged to this fund.

ERDF Catalyst Enterprise Grant: This grant was matched funded and assisted us to fund capital items and some salary for Production Assembly Services social enterprise.

Big Lottery Funds: This funding was provided to buy tools for Garden Services project.

The Rowlands Trust: The funds were donated to fund a new heating system for Better Assembly Services.

Wesleyan Foundation: The funds were donated to support volunteer/peer mentor recruitment and training.

National Lottery Community Fund: The funds were donated to allow Architect's feasibility study for the redevelopment of the Digbeth site.

The Roger & Douglas Turner Charitable Trust: Development of a Wellbeing Centre for service users, to incorporate the existing Better Assembly Services unit, and supplement this with the development of a suite of new wellbeing activities.

The Grimmer Trust: Development of a Wellbeing Centre for service users, to incorporate the existing Better Assembly Services unit, and supplement this with the development of a suite of new wellbeing activities.

Birmingham District Nursing Charitable Trust: Development of a Wellbeing Centre for service users, to incorporate the existing Better Assembly Services unit, and supplement this with the development of a suite of new wellbeing activities.

The Eveson Charitable Trust: Development of a Wellbeing Centre for service users, to incorporate the existing Better Assembly Services unit, and supplement this with the development of a suite of new wellbeing activities.

Donald Forrester Trust: The funds were received to support the core costs of the charity.

Small Restricted Grants:- These small grants were given to support travel for our service users and their day to day activities.

Purpose of designated Funds

Tangible Fixed Assets fund: This fund represents the net book value of fixed assets purchased through general funds. Depreciation will be charged against this fund. The transfer to this designated fund of £103,485 brings the closing balance in line with the current year net book value excluding any restricted capital funds.

Future Investment for Enterprises: The trustees have agreed not to utilise the funds this financial year.

Premises Improvement Fund: The purpose of this designated fund is to make improvement to the premises in Digbeth. The trustees have agreed not to utilise the funds this financial year.

The funds allocated to designated funds will be used solely for investment in charitable activities. Investment will improve the services on offer and support new investments in the future.

Notes to the financial statements

For the year ended 31 March 2020

19 Reconciliation of net income / (expenditure) to net cash flow from operating activities

	2020 £	2019 £
Net income / (expenditure) for the reporting period (as per the statement of financial activities)	102,353	(307,969)
Depreciation charges	36,376	44,214
Bank interest	(160)	(189)
Loss on the disposal of fixed assets	-	7,445
Decrease/(Increase) in stocks	(967)	9,154
Decrease/(Increase) in debtors	(54,470)	220,166
(Decrease)/Increase in creditors	(185,271)	189,396
Net cash provided by / (used in) operating activities	(102,139)	162,217

20 Analysis of cash and cash equivalents

	At 1 April 2019 £	Cash flows £	At 31 March 2020 £
Cash at bank and in hand	416,504	(107,121)	309,383
Short term deposits	75,609	160	75,769
Total cash and cash equivalents	492,113	(106,961)	385,152

21 Operating lease commitments

The charity's total future minimum lease payments under non-cancellable operating leases is as follows for each of the following periods:

	Property		Equipment	
	2020 £	2019 £	2020 £	2019 £
Less than one year	-	12,188	26,206	60,853
One to five years	-	-	20,991	73,997
	-	12,188	47,197	134,850

22 Legal status of the charity

The charity is a company limited by guarantee and has no share capital. The liability of each member in the event of winding up is limited to £1.