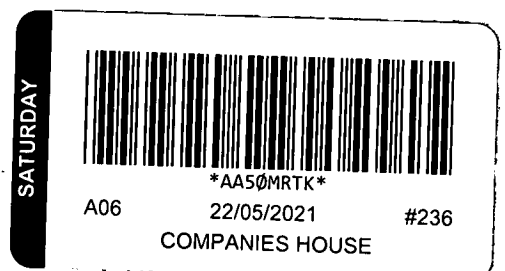


Registered number: 02640936
Charity number: 1004087

SKILLS AND EDUCATION GROUP
(A company limited by guarantee)
TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020



SKILLS AND EDUCATION GROUP
(A company limited by guarantee)

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SKILLS AND EDUCATION GROUP
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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITABLE COMPANY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2020**

Trustees	A G Stott, Chair J P Yarham, Vice Chair L J Tindsley J P Beaty T F O'Brien A Foulkes V A Hancock J Meenaghan P A Eeles J Maher A Khemka DBE (resigned 30 April 2020) G Clipson (appointed 30 April 2020) Y Y Mellor (appointed 14 October 2020)
Company registered number	02640936
Charity registered number	1004087
Registered office	Robins Wood House Robins Wood Road Aspley Nottingham NG8 3NH
Company secretary	S N Feneley-Lamb
Chief executive officer	P A Eeles
Independent auditor	BHP LLP 2 Rutland Park Sheffield S10 2PD
Bankers	Natwest 536 Valley Road Nottingham NG5 1FL
Solicitors	Browne Jacobson LLP Mowbray House Castle Meadow Road Nottingham NG2 1BJ
Key management personnel	S Forbes - Director of Member Services and Communication (appointed 1 September 2020) M White - Director of Awarding Services (appointed 1 September 2020)

SKILLS AND EDUCATION GROUP
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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2020

The Trustees (who are also Directors for the purpose of company law) present their annual report together with the audited financial statements of the charitable company for the 1 September 2019 to 31 August 2020. The annual report serves the purposes of both a Trustees' report and a Directors' report under company law. The Trustees confirm that the annual report and financial statements of the charitable company comply with the current statutory requirements, the requirements of the charitable company's governing document and the provisions of the Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (issued in October 2019).

Since the group and the company qualify as small under section 383 of the Companies Act 2006, the group strategic report required of medium and large companies under the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 has been omitted.

Objectives and activities

a. Policies and objectives

The Charity provides a range of service in furtherance of its charitable objective to support "the advancement of skills and education to improve the lives of individuals". These services include:

- awarding and assessment services and qualification regulated by Ofqual, Qualification Wales and CCEA (Northern Ireland)
- awarding and assessment services and qualifications regulated by the Qualifications Approval Agency (QAA)
- end-point-assessment (EPA) services
- awarding and assessment services for non-regulated skills and education programmes
- the development and delivery of continuing professional development (CPD) programmes to meet the existing and emerging needs of teaching and non-teaching staff
- customised training for colleges and training providers developing programmes to support and develop the professionalisation of the further sector
- facilitation of peer support and network to encourage an exchange of knowledge, ideas and working practices
- collaborative project activities to support teaching, learning and assessment research, management, leadership and governance
- local, regional and national stakeholder engagement to inform and support policy developments and implementation

The Charity's strategic aims adopted in support of these objectives are identified by an annual strategic planning process culminating in a five-year strategic plan agreed and monitored by the Board of Trustees and revised as necessary.

Achievements and performance delivering public benefit

a. Main achievements of the Charity

The first half of 2019/20 performed strongly with activity and income performing above budget expectations. The opportunity to acquire another awarding organisation presented itself at the start of the year and good progress was made with assessing the opportunity, the benefit that this may have to the charity and its wider membership and beneficiaries. Progress was also made with financial and legal due diligence.

SKILLS AND EDUCATION GROUP
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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Achievements and performance delivering public benefit (continued)

The Covid-19 pandemic and the introduction of nationwide restrictions in March 2020 changed the operational management of the charity. All staff successfully moved to homeworking and were quickly set-up with IT and telephone hardware/systems enabling them to adopt a "business as usual" approach. However, as the extent of the restriction measures and the likely duration of these became clearer, the decision was taken to access support from the Coronavirus Job Retention Scheme (CJRS) and 70% of staff were placed on furlough. The remaining staff base formed a "core team" and took responsibility for the on-going management of the charity, its services and products. Staff members were brought out of furlough on a gradual basis and according to the growing needs of the charity. All staff had returned to work, on at least a flexible basis, by 1 September 2020.

CJRS was accessed as a way to help preserve the charity and its staff. Although some restructuring took place in the summer of 2020 resulting in a small number of redundancies, the charity emerged from the first lockdown in a good financial position and with the certainty of long future. End-of-year financial performance, which had been reforecast at the start of the March 2020 lockdown, exceeded expectations. The charity took the proactive approach of "learning from lockdown" by examining what worked well, what did not work as well and what working practices could be changed to adapt the new environment post-Covid 19.

Key achievements and performance across the different services and activities are identified below:

Awarding Services

Access to HE activity enables individuals without the necessary qualifications to progress to study at university and by doing so improve their employment opportunities and social mobility. Work carried out in 2019/20 has seen a new college join Certa Access in 2021 and registrations should commence on a new Diploma in September 2021.

As an End-point Assessment Organisation (EPAO), the Charity continues to develop a wide-range of Fashion and Textiles standards which will be used to assess apprentices at the end of their apprenticeship.

Development of a new suite of level 1 qualifications has begun which will include eLearning to enable learners with few or no appropriate qualifications to gain the confidence, skills and knowledge needed for progression on to higher level qualifications or provide an additionality for existing study programmes. This development supports the Charity's aim for "the advancement of skills and education to improve the lives of individuals" by developing a range of qualifications designed to support progression and social mobility.

Other developments during the year included qualifications to support the motor industry (air conditioning), manufacturing (welding and fabrication), youth and community (youth work) and animal care.

A number of the Charity's animal care qualifications gained endorsement through a membership body and an agreement was secured to endorse our Welding and Fabrication qualifications by Lincoln Electric. This provides the assurance that the qualifications are both applicable and necessary for employers and learners.

Trustees have agreed, as part of the strategic planning process, to invest in the development of the qualifications to ensure that this continue to be fit-for-purpose and meet the needs of employers, centres/providers and learners. New qualification development will align to current and emerging economic and social needs. For example, work has begun on developing 7 new Level 1 qualifications to provide enrichment to learners on study programmes. Initial discussions have taken place with the GLAA (Gangmasters and Labour Abuse Authority) to develop a new Level 1 workers' rights qualification through a pilot funded by the Home Office. A new suite of Level 1 and Level 2 electric vehicle qualifications will be developed to help support the automotive sector with the government's agenda to phase out the sale of new petrol and diesel cars by 2030.

SKILLS AND EDUCATION GROUP
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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Achievements and performance delivering public benefit (continued)

Taking these examples forward, the Skills and Education Group will continue to identify and respond to emerging needs through the development of products, support and services.

Membership and Communications

Membership remained stable during 2019/20. The number of members grew from 31 to 46 at the end of 2019/20. A new online hub was also launched to support member needs and to create an online community of practitioners. The number of people who had created profiles on the Hub was 1,020 at the end of 2019/20.

The professional development offer for 2019/20 started off strongly, with an increase in participation, matching that of the whole of 2018/19. Participation continued to increase, as we moved the Charity's CPD offer online as a result of COVID-19. A range of sessions were hosted between 31 March and 31 August, that focused on supporting practitioners to work remotely. There was also a big focus on wellbeing and mental health. The total number of people that participated in CPD during 2019/20 was 3,368.

The Foundation received its first grant applications and supported 23 grants totalling £7,090. As a result of the pandemic, grant activity was put on hold for the remainder of 2019/20. The Foundation however invested in a piece of work titled '100 Faces of Further Education'. A number of interviews were conducted with leaders, learners, governors and practitioners from across the Group's membership. This work is yet to be published.

The Business Development team played a key role in supporting customers and strengthening relationships during the lockdown period. The team also underwent a restructure, as part of a series of changes across the Group in Summer 2020.

Websites and external, customer facing platforms were continually reviewed. The ABC Awards and Certa Awards websites were combined into one, additional updates were also made to the main Group website.

Operations and Project Activities

A focus of the Directorate was on supporting the move to home working and on ensuring that the infrastructure and resources were in place. This move was successful; staff have been able to access all applications, folders and files and have been able to keep in contact with each other and customers through the Voice Over Internet Protocol (VOIP) telephone system. MS Teams and Zoom were increasingly used for meetings, both internal and with customers, and to support professional development and information webinars. Board of Trustees meetings, by agreement, also successful moved to the Zoom platform.

Project activities continued to grow in the year, achieving income of £1,322k compared with £944k (2019). The growth income was supported by the continuing contract with the Education and Training Foundation for the delivery of Strand 4 (Knowledge Hubs) of the T Level Professional Development (TLPD) support offer. Funded by the Department of Education, the TLPD offer is designed to providers offering T Level programmes from September. TLPD activities managed by the Skills and Education Group supported 300 providers, 420 teachers and provided grants to develop the way in which T Levels are taught to 17 providers.

Delivery of this programme fulfilled the charity's strategic aims to support its members and the wider sector through the development of new teaching, learning and assessment approaches. It also supported the continuing professional development of individuals and organisational development.

Alongside this, the charity continued delivery of the Education and Training Foundation programme "SET for Teaching Success". Entering its fourth year, the programme has supported 83 trainee teachers, 34 of which have completed at a level 5 teaching qualification. The remaining trainees are due to complete a teaching qualification in the 2020/21 or 2021/22 academic years.

SKILLS AND EDUCATION GROUP
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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Achievements and performance delivering public benefit (continued)

The Qualification Licence Scheme which endorses the quality of non-regulated professional development courses was re-branded during the year and new descriptors introduced for courses endorsed by the scheme. A new website was introduced for the Quality Licence Scheme to reflect the new branding.

b. Fundraising standards information

The charitable group does not carry out any significant fundraising activities.

Financial review

a. Going concern

Trustees have worked closely with the Executive Leadership Team to develop strategic and operational plans that not only mitigate the impact of Covid-19 but also supported the sustained growth of the Group and its subsidiary charities. Such plans included the development of new products and services as well as the potential for acquisition where this complemented the charitable objectives of the Charity and ensured long-term financial growth and viability.

The opportunity to acquire BIIAB Qualifications Limited (BIIAB) presented itself at the start of the financial year. Trustees confirmed their support for progressing the opportunity to the financial and legal due diligence stage before making any final decision on whether to proceed with the purchase or not. The Covid-19 pandemic had an impact on the initial purchase timeline, but a benefit of this was that time could be taken to more fully understand the business to be acquired and how this may be affected by Covid-19 in the short, medium and long-term. Recognising that the BIIAB business (and the sector it provided services to) was only likely to be impacted on in the short term, Trustees agreed that there were medium to long-term benefits to the Group.

In agreeing the purchase, Trustees were keen to protect the financial health of the Group and its subsidiary charities. A purchase agreement was, therefore, put into place providing a model supporting a) minimal cash payment on the date of purchase; and, b) staged purchase payments linked to profitability over a five-year period. As part of going concern considerations, Trustees noted that this model ensured that:

- with only a limited call on cash at the point of acquisition, cash levels were protected
- the reserves policy to build and maintain reserves to meet day-to-day business needs in the event of reduced income could be met
- budget forecasts suggests that future purchase payments could be met by BIIAB surplus negating the need to draw on Group cash or reserves
- there would be residual surplus (after agreed staged purchase payments) for reinvestment into the business and/or to support Group reserve levels
- a linking of purchase payments to BIIAB surplus means that such payments are affordable and minimised financial risk and impact on cash/cash-flow.

Trustees have also looked at "going concern" in the context of Covid-19, the impact of this and the ways which any impact can be mitigated. Trustees remain confident that the Charity has the resilience to adapt and develop its strategic and operational business plans to meet the needs of its beneficiaries and to find new ways of working.

SKILLS AND EDUCATION GROUP
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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

This confidence is based on:

- An agile strategic approach that is responsive to external factors
- Accelerating the development and introduction e-learning applications and other technologies to support the launch of new products and services
- The prudent use of the CJRS in 2019/20 to protect the workforce and retain the necessary skills and expertise for the longer term
- Detailed analysis of income and expenditure linked to realistic activity projections that are underpinned by a positive cash flow
- The acquisition of BIIAB into the Group, the expansion of the range of qualifications, end-point assessments, products and services and the opportunity to engage a wide and more diverse customer base

Based on this work, trustees have a continuing reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. Consequently, the trustees continue to adopt the going concern basis of accounts in preparing the financial statements. Further details on the adoption of the going concern basis can be found in the accounting policies.

b. Reserves policy

It is the policy of the Charity that unrestricted funds which have not been designated for a specific purpose should be maintained at a level necessary to provide a contingency to support day-to-day business activities in the event of reduced income and provide a strategic fund to develop and grow the Charity. Trustees also wish to build reserves to fulfil a Group-wide objective to support social mobility.

In line with best practice guidance, Trustees review the reserves policy each year and confirm that this level of reserve has been maintained.

It is the Charity's policy to work to building and maintaining reserves to:

- support the short, medium and long-term objectives of the Charity and its subsidiary charities
- re-invest any surplus funds to support, develop and expand the delivery of high-quality services
- re-invest any surplus funds to support activities that support social mobility and provide a public benefit
- maintain sufficient reserves that are readily realisable to sustain operations as and when required
- cover deficits, when arising, from general reserves
- mitigate the risks of unforeseen challenges, emergencies or other unexpected requirement for funds
- maintain designated funds that recognise funds that are to be used for a specific purpose
- cover statutory obligations to close down and wind-up the charitable Charity's affairs in an orderly manner, if and when required.

Unrestricted funds at the end of the year were £3,310K and free reserves which exclude fixed assets and are stated before the defined benefit pension liability are £2,341K. Trustees consider the unrestricted funds to meet the Charity's reserve policy by:

SKILLS AND EDUCATION GROUP
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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Reserve	Purpose	Target Amount
Contingency	<ul style="list-style-type: none"> •Sustain business operations •Cover deficits •Mitigate the risks of unforeseen challenges and/or emergencies •Cover statutory obligations 	£1,400,000
Strategic	<ul style="list-style-type: none"> •Support short, medium and long-term objectives •Support growth •Invest in research and development for new products and services •Infrastructure development to support strategic growth including IT infrastructure and applications 	£633,000
Social Mobility	<ul style="list-style-type: none"> •Re-invest surplus funds to support social mobility and provide public benefit 	£120,000
Designated Pension Fund	<ul style="list-style-type: none"> •Designated fund recognising local government pension scheme deficit 	£907,000
Designated Fund - Third Party Contracts	<ul style="list-style-type: none"> •Funds for a designated purposed defined by contractual agreements with third parties (project-based activities) 	£250,000

c. Financial performance and position

The Charity remains in a financially healthy position and continues to meet its agreed financial targets.

The Charity achieved a deficit of £5,761 (2019: surplus of £18,953) after an actuarial adjustment of £150,000 (2019: £290,000) on a defined benefit pension scheme. The surplus before this adjustment is £144,239 (2019: £308,953).

Total income was £4,455,171 (2019: £4,062,200). Income lines for Access to HE, professional development, MOT Annual Assessments all met budget targets set before the pandemic. Although below the budget target income for Awards products and services at £1,146k, income was £56k above the reforecast position agreed in March 2020. Project income was £1,399k. This was due to a high performing contract with the Education and Training Foundation the delivery of professional development in support of T Levels.

The charity also benefitted from CJRS grants which protected jobs across the Group and helped support the charity through the early months of the pandemic.

Total expenditure was £4,289,965 (2019: £3,754,058) and reflects the cost of servicing project activities, including the distribution of funds to FE providers enabling them to develop new approaches to teaching, learning and assessment.

Staff costs for the year were £2,137,394 (2019: £1,984,719). Following a restructuring of the charity and its subsidiary charities headcount reduced from 55 to 54.

Salaries and associated costs remain the primary cost to the Charity.

Net assets for the year were £3,309,942 compared with £3,315,703 in 2019.

SKILLS AND EDUCATION GROUP
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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

d. Risk management

Trustees remain aware of the educational and political environment in which the Charity operates and recognise, in particular, the challenges facing providers in the further education sector.

Key risks to the Charity are:

- A fast-changing political environment that has an impact on education policy and funding to support this
- Regulatory changes and a failure to respond to these in the way that is needed to ensure continuing compliance
- Failure to appropriately manage and store personal data leading to a data breach under the General Data Protections regulations

Trustees are satisfied that the systems and review process are in place to mitigate and manage the risks. Strategic risks are managed and monitored through risk registers; one for each of the charities within the charitable group. Risk registers are reviewed and updated by the Executive Leadership Team on a quarterly basis prior to a review by Trustees.

Risk registers are rated on a weighted likelihood and impact scale based on Charity Commission guidance.

A Covid 19 Risk Assessment was carried out in August 2020 prior to the office fully re-opening for all staff after the first national lockdown. The Risk Assessment identifies the control measures and actions need to ensure compliance with restriction measures and to ensure a safe working environment. The Risk Assessment is reviewed on a monthly basis and/or when there are changes to the restrictions put into place by the Government.

e. Investment policy

The company holds an ethical investment portfolio of listed securities with Brewin Dolphin. The current risk profile is low to moderate which reflects a focus on income over capital growth. The Trustees consider the investment to be long term with an objective to grow the income at least in-line with inflation. A total of £340,509 has been invested in an ethical portfolio of listed securities. At the end of August 2020, the portfolio had a value of £353,708 (2019: £376,821).

Structure, governance and management

a. Constitution

The organisation is a charitable company limited by guarantee, which was set-up on 27 August 1991.

The company was set-up under a Memorandum of Association which established the objectives and powers of the charitable company and is governed under its Articles of Association. Its charitable objective is "the advancement of skills and education to improve the lives of individuals".

Skills and Education Group is the parent charitable company of the group, which includes:

- Skills and Education Group Awards, a charitable company limited by guarantee:
Company Number 04117784
Charity Number 1086947
- Skills and Education Group Access (formerly Open College Network Yorkshire and Humber Region) a charitable company limited by guarantee:

SKILLS AND EDUCATION GROUP
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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Structure, governance and management (continued)

Company Number 03773914
Charity Number 1088839

On the 1 March 2021, the Skills and Education Group acquired BIIAB Qualifications Limited (BIIAB). The Skills and Education Group is the parent company of BIIAB:

- BIIAB Qualifications Limited, a private limited company
Company Number 10054831

The Skills and Education Group delivers its products and services through a brand structure that maintains and protects the profile and reputation of the Charities/companies within its structure.

b. Methods of appointment or election of Trustees

There were three changes to the Board of Trustees during the year:

Dame A Khempka (resigned 30 April 2020)
G Clipson (appointed 30 April 2020)
Y Y Mellor (appointed 14 October 2020)

Newly appointed trustees were recruited in accordance with the Articles of Association under Article 27.

"Skills and Education Group members (acting by a majority) shall be entitled to (but not obliged) to appoint up to seven directors, and remove any director whom they appoint, by giving notice in writing to the Charity".

Additionally, Article 28 states:

"The Board directors of each subsidiary of the Charity from time to time shall be entitled (but not obliged) to each appoint on director of the Charity, and to remove the director who is appointed, by giving notice in writing to the Charity".

The Skills and Education Group's Chair of Trustees is appointed according to Article 29 and can under Article 30 appoint the Charity's Chief Executive Officer (CEO) as a director.

All newly appointed trustees complete a skills audit to ensure a balance of skills, knowledge and experiences to support the development of the charity. Trustee recruitment reflects on-going and future skills and knowledge needs.

c. Policies adopted for the induction and training of Trustees

Newly appointed trustees receive an induction under the direction of the Chief Executive. This normally includes an introductory visit to Robins Wood House when the opportunity to meet with key staff to gain a detailed understanding of the Charity and the subsidiaries within this. In the last year, inductions have been online.

Trustees complete a declaration of interest record on appointment. Declarations are noted on Register which is reviewed and updated on an annual basis.

SKILLS AND EDUCATION GROUP
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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Structure, governance and management (continued)

d. Organisational structure and decision-making policies

The Board of Trustees meets four times a year. Trustees:

- support the CEO and Executive Leadership Team to determine the strategic direction of the charity and approve and review annual strategic plans, business plans and Key Performance Indicators,
- approve annual budgets, receive and review quarterly management accounts to monitor and challenge performance
- review and monitor the strategic risk register to ensure that the appropriate controls are in place to mitigate risks
- ensure that appropriate governance review mechanisms are in place and that performance is reviewed and that Charity Commission guidance is followed

The Chairs and CEO Group, established in 2018, was extended in 2019/20 to include the Chief Operating Office and then, on appointment 1 September 2020, the Director of Member Services and Communications and the Director of Awarding Services. The "chairs" membership is:

- Chair, Skill and Education Group
- Vice-Chair, Skills and Education Group
- Chair, Skills and Education Group Awards
- Chair, Skills and Education Group Access

The group has been renamed the Chairs and Executive Leadership Group and enable the Chairs to have a collective and strategic oversight of the Charity and its subsidiaries. The group meets prior to quarterly Board of Trustees meetings and provides a structure for the Chairs of the Charity and its subsidiaries to meet with the CEO. The Chairs and CEO Group reviews and monitors:

- the performance of the CEO and the Executive Leadership Team
- financial performance across all Charities within the Charity
- performance against strategic and business plans for all Charities within the Charity
- identify opportunities for growth and the approach that may be taken to progress these
- determine longer-term strategic direction to help shape plans and proposals for all Trustees to consider

During 2019/20 a focus of the Chairs and Executive Leadership Group was on the acquisition of BIIAB Qualifications Limited. The Group also met to monitor and mitigate the impact of the Covid-19 pandemic on the Charity and its subsidiaries.

Financial advice and support is provided by a Trustee who is a financial controller at a large General College of Further Education.

Day-to-day management of the Charity is delegated to the CEO, Paul Eeles who is supported by:

- the Chief Operating Officer/Company Secretary (COO), Simon Feneley-Lamb.
- Director of Member Services and Communications, Scott Forbes
- Director of Awarding Services, Michael White

SKILLS AND EDUCATION GROUP
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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Structure, governance and management (continued)

The Executive Leadership Team meet twice a month, with the first meeting of each month focused on financial performance. Other discussion items include:

- strategic issues, new opportunities and overall business performance
- financial performance and budgets
- human resources, resources and succession planning
- compliance and regulation, including Ofqual, QAA, CCEA, Qualification Wales Charities Commission and the Information Commissioners Officer

e. Pay policy for key management personnel

Remuneration for the Chief Executive is determined by the Chairs of the Skills and Education Group and subsidiary charities. The Chief Executive determines the remuneration for all staff, including the Executive Leadership Team.

Annual cost of living pay awards for all other staff are subject to recommendation to and approval of the Board of Trustees.

Plans for future periods

Trustees approved strategic and business plans that were intended to support a year of development (2020/21) leading to the introduction of new products, support and services. The plans reflect the continuing impact of COVID-19 and associated restrictions that affect that way in which the charity can operate.

The strategic objectives for 2020/21 are designed to take the charity forward while continuing to support the charitable objective "the advancement of skills and education to improve the lives of individuals":

- Establish a strong development offer to support members and their staff as respond to a changed landscape post Covid-19
- Develop a strong online offer to underpin the full range of products and services across the Group's charities
- Invest in and harness technology to grow the charity's offer post Covid-19
- Continue to invest in the grants programme of the Foundation to support social inclusion, particularly focused on the needs that learners may have a result of Covid-19
- Demonstrate the social impact of the charity on its members and customers
- Learn from operating in a Covid-19 world and structure staff, systems, process and physical resources to minimise the impact of Covid-19 and maximise the available opportunities
- Develop "ambition 2025", a strategy that builds on the legacy of the charity and determine its direction over the next four years

In 2019/20, the Skills and Education Group were presented with the opportunity to acquire BIIAB Qualifications Limited (BIIAB). A long-standing part of the British Institute of Innkeeping, BIIAB joined the Skills and Education Group on 1 March 2021. As part of the Group, BIIAB will retain its identity and focus on being the awarding body of choice for the hospitality industry, which employs over 3 million individuals.

In keeping with its drive to achieve educational, economic, and social advancement for all, the Skills and Education Group will collaborate with the British Institute of Innkeeping (BII) to continue to raise industry standards and champion the talented individuals working in hospitality-licensed trades. BIIAB will retain its services in qualifications and apprenticeships that are available to BII members.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Plans for future periods (continued)

The acquisition further strengthens the Skills and Education Group's position in the marketplace and will build its diverse product portfolio to continue to meet local, national, and international skills needs.

Statement of Trustees' responsibilities

The Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' 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 . Under company law, the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the charitable company and of their incoming resources and application of resources, including their income and expenditure, 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 of the Charities SORP 2019 (FRS 102);
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) 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 group will continue in operation.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.


Disclosure of information to auditor

In so far as the Trustees are aware:

- there is no relevant audit information of which the charitable group's auditor is unaware, and
- the Trustees have taken all the 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.

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption.

Approved by order of the members of the board of Trustees and signed on their behalf by:


Atholl Stott (May 6, 2021 07:01 GMT+1)

A G Stott
(Chair of Trustees)

Date: May 6, 2021

SKILLS AND EDUCATION GROUP
(A company limited by guarantee)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND TRUSTEES OF SKILLS AND EDUCATION GROUP

Opinion

We have audited the financial statements of Skills and Education Group (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 August 2020 which comprise the consolidated statement of financial activities, the consolidated balance sheet, the charitable company balance sheet, the consolidated statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent charitable company's affairs as at 31 August 2020 and of the group's 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; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities Act 2011.

Basis for opinion

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

Conclusions relating to going concern

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge

SKILLS AND EDUCATION GROUP
(A company limited by guarantee)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND TRUSTEES OF SKILLS AND EDUCATION GROUP (CONTINUED)

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

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters in relation to which Companies Act 2006 and the Charities Act 2011 requires us to report to you if, in our opinion:

- adequate and sufficient accounting records have not been kept by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company's financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the 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 directors' report and from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees (who are also the directors of the parent 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 group's and parent 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 group or parent charitable company or to cease operations, or have no realistic alternative but to do so.

SKILLS AND EDUCATION GROUP
(A company limited by guarantee)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND TRUSTEES OF SKILLS AND EDUCATION GROUP (CONTINUED)

Auditor's responsibilities for the audit of the financial statements

We have been appointed auditor under the Companies Act 2006 and section 151 of the Charities Act 2011 and report in accordance with those Acts.

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.

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

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the charitable company's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charitable company's members and its trustees 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, and the charitable company's trustees, as a body, for our audit work, for this report, or for the opinions we have formed.



Jane Marshall (May 7, 2021 11:15 GMT+1)

Jane Marshall (Senior Statutory Auditor)

for and on behalf of

BHP LLP

2 Rutland Park

Sheffield

S10 2PD

Date: May 7, 2021

SKILLS AND EDUCATION GROUP
(A company limited by guarantee)

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 AUGUST 2020**

	Note	Unrestricted funds 2020 £	Total funds 2020 £	Total funds 2019 £
Income from:				
Charitable activities	4	4,061,351	4,061,351	3,987,099
Other trading activities	5	23,328	23,328	29,248
Investments	6	16,686	16,686	17,923
Other income	7	353,806	353,806	27,930
Total income		4,455,171	4,455,171	4,062,200
Expenditure on:				
Charitable activities	8	4,289,965	4,289,965	3,754,058
Total expenditure		4,289,965	4,289,965	3,754,058
Net (losses)/gains on investments	15	(20,967)	(20,967)	811
Net movement in funds before other recognised gains/(losses)		144,239	144,239	308,953
Other recognised gains/(losses):				
Actuarial (losses)/gains on defined benefit pension schemes	26	(150,000)	(150,000)	(290,000)
Net movement in funds		(5,761)	(5,761)	18,953
Reconciliation of funds:				
Total funds brought forward		3,315,703	3,315,703	3,296,750
Net movement in funds		(5,761)	(5,761)	18,953
Total funds carried forward		3,309,942	3,309,942	3,315,703

The Consolidated statement of financial activities includes all gains and losses recognised in the year.

SKILLS AND EDUCATION GROUP
(A company limited by guarantee)
REGISTERED NUMBER: 02640936

CONSOLIDATED BALANCE SHEET
AS AT 31 AUGUST 2020

	Note	2020 £	2019 £
Fixed assets			
Intangible assets	13	123,405	121,988
Tangible assets	14	1,752,573	1,774,936
Investments	15	353,708	376,821
		<u>2,229,686</u>	<u>2,273,745</u>
Current assets			
Stocks	16	24,180	10,706
Debtors	17	296,158	309,061
Cash at bank and in hand		2,303,926	2,325,539
		<u>2,624,264</u>	<u>2,645,306</u>
Creditors: amounts falling due within one year	18	(637,008)	(847,348)
Net current assets		<u>1,987,256</u>	<u>1,797,958</u>
Total assets less current liabilities		<u>4,216,942</u>	<u>4,071,703</u>
Net assets excluding pension liability		<u>4,216,942</u>	<u>4,071,703</u>
Defined benefit pension scheme liability	26	(907,000)	(756,000)
Total net assets		<u>3,309,942</u>	<u>3,315,703</u>
Charity funds			
Unrestricted funds	19	3,309,942	3,315,703
Total funds		<u>3,309,942</u>	<u>3,315,703</u>


SKILLS AND EDUCATION GROUP
(A company limited by guarantee)
REGISTERED NUMBER: 02640936

CONSOLIDATED BALANCE SHEET (CONTINUED)
AS AT 31 AUGUST 2020

The Trustees acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and preparation of financial statements.

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

The financial statements were approved and authorised for issue by the Trustees and signed on their behalf by:


Athol Stott (May 6, 2021 07:01 GMT+1)

A G Stott
(Chair of Trustees)
Date: May 6, 2021

The notes on pages 22 to 47 form part of these financial statements.

SKILLS AND EDUCATION GROUP
(A company limited by guarantee)
REGISTERED NUMBER: 02640936

CHARITABLE COMPANY BALANCE SHEET
AS AT 31 AUGUST 2020

	Note	2020	2019
		£	£
Fixed assets			
Intangible assets	13	67,197	51,957
Tangible assets	14	1,076,631	1,100,782
Investments	15	389,369	412,482
		<u>1,533,197</u>	<u>1,565,221</u>
Current assets			
Debtors	17	139,056	231,679
Cash at bank and in hand		788,103	816,538
		<u>927,159</u>	<u>1,048,217</u>
Creditors: amounts falling due within one year	18	(539,856)	(723,123)
Net current assets		<u>387,303</u>	<u>325,094</u>
Total assets less current liabilities		<u>1,920,500</u>	<u>1,890,315</u>
Total net assets		<u>1,920,500</u>	<u>1,890,315</u>
Charity funds			
Unrestricted funds		1,920,500	1,890,315
Total funds		<u>1,920,500</u>	<u>1,890,315</u>


SKILLS AND EDUCATION GROUP
(A company limited by guarantee)

CHARITABLE COMPANY BALANCE SHEET (CONTINUED)
AS AT 31 AUGUST 2020

The Trustees acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and preparation of financial statements.

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

The financial statements were approved and authorised for issue by the Trustees and signed on their behalf by:


Atholl Stott (May 6, 2021 07:01 GMT+1)

A G Stott
(Chair of Trustees)
Date: May 6, 2021

The notes on pages 22 to 47 form part of these financial statements.

SKILLS AND EDUCATION GROUP
(A company limited by guarantee)

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2020

	Note	2020 £	2019 £
Cash flows from operating activities			
Net cash provided by operating activities	22	25,183	680,710
Cash flows from investing activities			
Dividends, interests and rents from investments		16,686	17,923
Purchase of intangible assets		(34,041)	(95,458)
Purchase of tangible fixed assets		(31,587)	(53,610)
Proceeds from sale of investments		56,396	86,574
Purchase of investments		(54,250)	(84,372)
Net cash used in investing activities		(46,796)	(128,943)
Change in cash and cash equivalents in the year		(21,613)	551,767
Cash and cash equivalents at the beginning of the year		2,325,539	1,773,772
Cash and cash equivalents at the end of the year	23	2,303,926	2,325,539

SKILLS AND EDUCATION GROUP
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

1. General information

The parent charitable company is limited by guarantee, incorporated in England and Wales and consequently does not have share capital. Each of the Trustees is liable to contribute to an amount not exceeding £1 towards the assets of the parent charitable company in the event of liquidation.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with the Charities SORP (FRS 102) - 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) (published in October 2019), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Skills and Education Group meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

The financial statements have been prepared in £ sterling which is the functional currency of the Charity and rounded to the nearest £1.

The consolidated statement of financial activities (SOFA) and consolidated balance sheet consolidate the financial statements of the Group and its subsidiary undertakings. The results of the subsidiaries are consolidated on a line by line basis.

The Group has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own statement of financial activities in these financial statements.

2.2 Going concern

Trustees have looked at going concern impact of Covid-19 and the ways which any impact can be mitigated. Trustees remain confident that the Charity and the group has the resilience to adapt and develop its strategic and operational business plans to meet the needs of its beneficiaries and to find new ways of working.

This confidence is based on:

- An agile strategic approach that is responsive to external factors
- Accelerating the development and introduction e-learning applications and other technologies to support the launch of new products and services
- The prudent use of the CJRS in 2019/20 to protect the workforce and retain the necessary skills and expertise for the longer term
- Detailed analysis of income and expenditure linked to realistic activity projections that are underpinned by a positive cash flow
- The acquisition of BIIAB into the Group, the expansion of the range of qualifications, end-point assessments, products and services and the opportunity to engage a wide and more diverse customer base

Based on this work, trustees have a continuing reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Consequently, the trustees continue to adopt the going concern basis of accounts in preparing the financial statements.

SKILLS AND EDUCATION GROUP
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

2. Accounting policies (continued)

2.3 Income

All income is recognised once the charitable company has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Income tax recoverable in relation to investment income is recognised at the time the investment income is receivable.

Other income is recognised in the period in which it is receivable and to the extent the goods have been provided or on completion of the service.

2.4 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources.

Expenditure on charitable activities is incurred on directly undertaking the activities which further the Group's objectives, as well as any associated support costs.

All expenditure is inclusive of irrecoverable VAT.

2.5 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Group; this is normally upon notification of the interest paid or payable by the institution with whom the funds are deposited.

2.6 Taxation

The charitable company is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the charitable company is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

2.7 Intangible assets and amortisation

Intangible assets costing £500 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably.

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

2. Accounting policies (continued)

2.7 Intangible assets and amortisation (continued)

Amortisation is provided on intangible assets at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life.

The estimated useful lives are as follows:

Amortisation is provided on the following basis:

Website	- 20 % straight line
---------	----------------------

2.8 Tangible fixed assets and depreciation

Tangible fixed assets costing £500 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably.

Tangible fixed assets are initially recognised at cost. After recognition, under the cost model, tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses. All costs incurred to bring a tangible fixed asset into its intended working condition should be included in the measurement of cost.

Depreciation is charged so as to allocate the cost of tangible fixed assets less their residual value over their estimated useful lives, .

Depreciation is provided on the following bases:

Freehold property	- 1 - 15% straight line
Fixtures and equipment	- 10 - 25% straight line
Computer equipment	- 20 - 33% straight line
Prefabricated building	- 5 - 10% straight line

2.9 Investments

Fixed asset investments are a form of financial instrument and are initially recognised at their transaction cost and subsequently measured at fair value at the balance sheet date, unless the value cannot be measured reliably in which case it is measured at cost less impairment. Investment gains and losses, whether realised or unrealised, are combined and presented as 'Gains/(Losses) on investments' in the consolidated statement of financial activities.

Investments in subsidiaries are valued at cost less provision for impairment.

2.10 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

SKILLS AND EDUCATION GROUP
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

2. Accounting policies (continued)

2.11 Debtors

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

2.12 Cash at bank and in hand

Cash at bank and 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.

2.13 Liabilities

Liabilities and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably.

Liabilities are recognised at the amount that the charitable company anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

Provisions are measured at the best estimate of the amounts required to settle the obligation.

2.14 Financial instruments

The Group 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.

2.15 Operating leases

Rentals paid under operating leases are charged to the consolidated statement of financial activities on a straight line basis over the lease term.

2.16 Pensions

A charitable company within the group (Skills and Education Group Access) contributes to the West Yorkshire Pension Scheme (WYPS), a defined benefit scheme, at rates set by the scheme's actuaries. The charity accounts for the scheme as a defined benefit scheme in accordance with Charities SORP (FRS102).

The charity also contributes in respect of certain employees to the Teachers' Pension Scheme (TPS), a statutory, contributory, final salary scheme. The Teachers' Pension Scheme is unable to identify the charity's share of the underlying assets and liabilities on a consistent or reasonable basis, and accordingly the charity accounts for its contributions to the scheme in accordance with Charities SORP (FRS102) as if it were a defined contribution scheme.

The charity also contributes to defined contribution schemes for certain employees all of which are separately administered from the charity and the charge recognised in the Statement of Financial Activities.

SKILLS AND EDUCATION GROUP
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

2. Accounting policies (continued)

2.17 Employee benefits

When employees have rendered services to the charity, short-term employee benefits to which the employees are entitled are recognised at the undiscounted amount expected to be paid in exchange for that service.

2.18 Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the Group and which have not been designated for other purposes.

3. Critical accounting estimates and areas of judgment

Estimates and judgments 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.

Critical accounting estimates and assumptions:

The charitable company makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

The present value of the WYPS defined liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net costs or income for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of the liability.

4. Income from charitable activities

	Unrestricted funds 2020 £	Total funds 2020 £	Total funds 2019 £
Learner recognition	2,380,635	2,380,635	2,717,550
HE recognition	281,660	281,660	253,410
Project, membership and CPD	1,399,056	1,399,056	1,016,139
Total 2020	4,061,351	4,061,351	3,987,099
Total 2019	3,987,099	3,987,099	

SKILLS AND EDUCATION GROUP
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

5. Income from other trading activities

	Unrestricted funds 2020 £	Total funds 2020 £	Total funds 2019 £
Room hire & provision of facilities	23,328	23,328	29,248
	<u>23,328</u>	<u>23,328</u>	<u>29,248</u>
Total 2019	29,248	29,248	
	<u>29,248</u>	<u>29,248</u>	

6. Investment income

	Unrestricted funds 2020 £	Total funds 2020 £	Total funds 2019 £
Dividends receivable from listed investments	11,435	11,435	13,398
Interest receivable	5,251	5,251	4,525
	<u>16,686</u>	<u>16,686</u>	<u>17,923</u>
Total 2019	17,923	17,923	
	<u>17,923</u>	<u>17,923</u>	

SKILLS AND EDUCATION GROUP
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

7. Other income

	Unrestricted funds 2020 £	Total funds 2020 £	Total funds 2019 £
Lettings, admin fees and other income	18,248	18,248	27,930
CJRS income	335,558	335,558	-
	<u>353,806</u>	<u>353,806</u>	<u>27,930</u>
Total 2019	<u>27,930</u>	<u>27,930</u>	

8. Analysis of expenditure on charitable activities

	Unrestricted funds 2020 £	Total funds 2020 £	Total funds 2019 £
Learner recognition	1,513,048	1,513,048	1,423,370
HE recognition	251,846	251,846	307,042
Project, membership and CPD	2,525,071	2,525,071	2,023,646
	<u>4,289,965</u>	<u>4,289,965</u>	<u>3,754,058</u>
Total 2019	<u>3,754,058</u>	<u>3,754,058</u>	

SKILLS AND EDUCATION GROUP
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

9. Analysis of expenditure by activities

	Activities undertaken directly 2020 £	Support costs 2020 £	Total funds 2020 £	Total funds 2019 £
Learner recognition	493,477	1,019,571	1,513,048	1,423,370
HE recognition	95,171	156,675	251,846	307,042
Project, membership and CPD	2,121,808	403,263	2,525,071	2,023,646
	<u>2,710,456</u>	<u>1,579,509</u>	<u>4,289,965</u>	<u>3,754,058</u>
Total 2019	<u>2,190,688</u>	<u>1,563,370</u>	<u>3,754,058</u>	

Analysis of direct costs

	Learner Recognition 2020 £	HE Recognition 2020 £	Project, Membership and CPD 2020 £	Total funds 2020 £	Total funds 2019 £
Staff costs	314,006	34,587	896,778	1,245,371	1,188,392
Moderator and examiners costs	91,400	40,184	-	131,584	170,043
Centre costs	29,187	-	-	29,187	37,407
CPD and project expenses	-	-	1,225,030	1,225,030	756,203
Certificates	38,753	1,529	-	40,282	23,096
QAA registration	-	18,871	-	18,871	13,398
Finance charges	20,131	-	-	20,131	2,149
	<u>493,477</u>	<u>95,171</u>	<u>2,121,808</u>	<u>2,710,456</u>	<u>2,190,688</u>
Total 2019	<u>479,457</u>	<u>117,954</u>	<u>1,593,277</u>	<u>2,190,688</u>	

SKILLS AND EDUCATION GROUP
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

9. Analysis of expenditure by activities (continued)

Analysis of support costs

	Learner Recognition 2020 £	HE Recognition 2020 £	Project, Membership and CPD 2020 £	Total funds 2020 £	Total funds 2019 £
Pension finance costs	14,000	-	-	14,000	12,000
Staff costs	789,560	102,463	-	892,023	796,327
Other staff costs	47,866	4,446	68,747	121,059	145,924
Depreciation and amortisation	20,306	15,869	39,919	76,094	58,847
Qualification development	6,147	-	-	6,147	21,973
Administration	2,724	959	31,110	34,793	34,780
Communications and marketing	7,716	2,700	24,510	34,926	86,591
Donations	10,925	-	12,050	22,975	59,571
Premises	-	15,533	55,450	70,983	88,324
ICT costs	41,184	1,942	82,307	125,433	115,517
Professional fees	16,197	2,298	44,472	62,967	23,281
Bank charges	-	630	8,696	9,326	10,957
Irrecoverable VAT	28,308	9,835	36,002	74,145	85,066
Governance costs	34,638	-	-	34,638	24,212
	<u>1,019,571</u>	<u>156,675</u>	<u>403,263</u>	<u>1,579,509</u>	<u>1,563,370</u>
Total 2019	<u>943,913</u>	<u>189,088</u>	<u>430,369</u>	<u>1,563,370</u>	

Staff costs, depreciation, trustee expenses and audit fees have been allocated by way of directly attributable expenditure. The remaining expenses have been allocated using a percentage of income.

10. Auditor's remuneration

The Auditor's remuneration amounts to an audit fee of £20,190 (2019: £19,600) and other services of £350 (2019: £350).

SKILLS AND EDUCATION GROUP
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

11. Staff costs

	Group 2020 £	Group 2019 £
Wages and salaries	1,756,790	1,634,745
Social security costs	163,957	133,599
Pension costs	216,647	216,375
	<u>2,137,394</u>	<u>1,984,719</u>

During the year a total of £2,506 was paid (2019: £2,506) in respect of contractual termination payments. This amount is an ongoing annual cost to the parent charitable company in perpetuity until the death of the individuals covered within this payment. This arrangement was in place prior to any of the current trustees serving on the board. There were also further redundancy costs of £42,376 in the year (2019: £nil). Skills and Education Group Access incurred redundancy costs of £3,665 during the year (2019: £nil).

The average number of persons employed by the charitable company during the year was as follows:

	Group 2020 No.	Group 2019 No.
Charitable activities	29	30
Administration	21	21
Management	4	4
	<u>54</u>	<u>55</u>

The number of employees whose employee benefits (excluding employer pension costs) exceeded £60,000 was:

	Group 2020 No.	Group 2019 No.
In the band £60,001 - £70,000	1	2
In the band £100,001 - £110,000	1	-
In the band £110,001 - £120,000	-	1

The total remuneration and benefits received by key management personnel was £221,943 (2019: £304,627). The trustees consider senior management personnel to be the Chief Executive Officer, Chief Operating Officer and the Director of Awarding Services (2019 only).

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12. Trustees' remuneration and expenses

During the year, no Trustees received any remuneration or other benefits (2019 - £NIL).

During the year ended 31 August 2020, travel expenses totalling £2,302 were reimbursed or paid directly to 6 Trustees of the charitable group (2019 - £1,404 to 7 Trustees).

Included in the above were travel expenses reimbursed to 3 trustees of the parent charitable company totalling £1,951 (2019: £993).

13. Intangible assets

Group

	Website £
Cost	
At 1 September 2019	186,391
Additions	34,041
At 31 August 2020	<u>220,432</u>
Amortisation	
At 1 September 2019	64,403
Charge for the year	32,624
At 31 August 2020	<u>97,027</u>
Net book value	
At 31 August 2020	<u><u>123,405</u></u>
At 31 August 2019	<u><u>121,988</u></u>

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13. Intangible assets (continued)

Charity

	Website £
Cost	
At 1 September 2019	71,190
Additions	29,404
At 31 August 2020	<u>100,594</u>
Amortisation	
At 1 September 2019	19,233
Charge for the year	14,164
At 31 August 2020	<u>33,397</u>
Net book value	
At 31 August 2020	<u><u>67,197</u></u>
At 31 August 2019	<u><u>51,957</u></u>

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NOTES TO THE FINANCIAL STATEMENTS
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14. Tangible fixed assets

Group

	Freehold property £	Fixtures and fittings £	Computer equipment £	Prefabricated building £	Total £
<i>Cost or valuation</i>					
At 1 September 2019	2,596,200	243,375	166,063	15,482	3,021,120
Additions	-	1,589	29,998	-	31,587
At 31 August 2020	<u>2,596,200</u>	<u>244,964</u>	<u>196,061</u>	<u>15,482</u>	<u>3,052,707</u>
<i>Depreciation</i>					
At 1 September 2019	900,969	199,506	130,227	15,482	1,246,184
Charge for the year	36,572	5,647	11,731	-	53,950
At 31 August 2020	<u>937,541</u>	<u>205,153</u>	<u>141,958</u>	<u>15,482</u>	<u>1,300,134</u>
<i>Net book value</i>					
At 31 August 2020	<u>1,658,659</u>	<u>39,811</u>	<u>54,103</u>	-	<u>1,752,573</u>
At 31 August 2019	<u>1,695,231</u>	<u>43,869</u>	<u>35,836</u>	-	<u>1,774,936</u>

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14. Tangible fixed assets (continued)

Charity

	Freehold property £	Fixtures and fittings £	Computer equipment £	Prefabricated building £	Total £
<i>Cost or valuation</i>					
At 1 September 2019	1,270,284	213,559	110,747	15,482	1,610,072
Additions	-	1,589	10,496	-	12,085
At 31 August 2020	<u>1,270,284</u>	<u>215,148</u>	<u>121,243</u>	<u>15,482</u>	<u>1,622,157</u>
<i>Depreciation</i>					
At 1 September 2019	248,169	169,667	75,972	15,482	509,290
Charge for the year	20,159	5,596	10,481	-	36,236
At 31 August 2020	<u>268,328</u>	<u>175,263</u>	<u>86,453</u>	<u>15,482</u>	<u>545,526</u>
<i>Net book value</i>					
At 31 August 2020	<u>1,001,956</u>	<u>39,885</u>	<u>34,790</u>	<u>-</u>	<u>1,076,631</u>
At 31 August 2019	<u>1,022,115</u>	<u>43,892</u>	<u>34,775</u>	<u>-</u>	<u>1,100,782</u>

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15. Fixed asset investments

<i>Group</i>	Listed investments £		
<i>Cost or valuation</i>			
At 1 September 2019			376,821
Additions			54,250
Disposals			(56,396)
Revaluations			(20,967)
At 31 August 2020			353,708
<i>Net book value</i>			
At 31 August 2020			353,708
At 31 August 2019			376,821
	Investments in subsidiary companies £	Listed investments £	Total £
Charitable company			
<i>Cost or valuation</i>			
At 1 September 2019	35,661	376,821	412,482
Additions	-	54,250	54,250
Disposals	-	(56,396)	(56,396)
Revaluations	-	(20,967)	(20,967)
At 31 August 2020	35,661	353,708	389,369
<i>Net book value</i>			
At 31 August 2020	35,661	353,708	389,369
At 31 August 2019	35,661	376,821	412,482

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**NOTES TO THE FINANCIAL STATEMENTS
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15. Fixed asset investments (continued)

The historic cost of investments at 31 August 2020 amounted to £340,509 (2019: £335,685).

Included within the valuation of the portfolio was a cash balance of £12,682 at the year end (2019: £12,642).

Investments held, exceeding 5% of the portfolio value at 31 August 2020, comprise of:

Link fund sol Ltd trojan income x dis	5.62%
Vanguard Funds PLC S&P 500 UCITS ETF USD dis	5.27%

Principal subsidiaries

The following were subsidiary undertakings of the charitable company:

Names	Company number	Charity registration number	Registered office or principal place of business	Principal activity	Holding
Skills and Education Group Awards	04117784	1086947	Robins Wood House, Robins Wood Road, Aspley, Nottingham, NG8 3NH	Advancement of skills and education	100%
Skills and Education Group Access	03773914	1088839	Robins Wood House, Robins Wood Road, Aspley, Nottingham, NG8 3NH	Advancement of education learning and training	100%

The financial results of the subsidiaries for the year were:

Names	Income £	Expenditure £	Surplus/ (Deficit) for the year £	Net assets £
Skills and Education Group Awards	1,603,318	1,523,268	107,050	1,371,955
Skills and Education Group Access	330,643	323,640	(142,997)	53,148

16. Stocks

	Group 2020 £	Group 2019 £
Finished goods and goods for resale	24,180	10,706

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17. Debtors

	Group 2020 £	Group 2019 £	Charity 2020 £	Charity 2019 £
Trade debtors	129,264	154,249	27,831	31,768
Amounts owed by group undertakings	-	-	1,141	121,062
Other debtors	6,292	3,749	2,880	1,410
Prepayments and accrued income	160,602	151,063	107,204	77,439
	<u>296,158</u>	<u>309,061</u>	<u>139,056</u>	<u>231,679</u>

18. Creditors: Amounts falling due within one year

	Group 2020 £	Group 2019 £	Charity 2020 £	Charity 2019 £
Trade creditors	47,050	88,790	9,511	39,801
Other taxation and social security	39,254	44,653	36,826	41,319
Other creditors	26,557	32,266	23,832	29,779
Accruals and deferred income	524,147	681,639	469,687	612,224
	<u>637,008</u>	<u>847,348</u>	<u>539,856</u>	<u>723,123</u>

	Group 2020 £	Group 2019 £	Charity 2020 £	Charity 2019 £
Deferred income at 1 September 2019	482,721	139,703	459,679	79,884
Resources deferred during the year	243,593	482,721	218,218	459,679
Amounts released from previous periods	(482,721)	(139,703)	(459,679)	(79,884)
	<u>243,593</u>	<u>482,721</u>	<u>218,218</u>	<u>459,679</u>

Deferred income represents monies received in advance for learner registrations, memberships, services and projects.

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NOTES TO THE FINANCIAL STATEMENTS
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19. Statement of funds

Statement of funds - current year

	Balance at 1 September 2019 £	Income £	Expenditure £	Gains/ (Losses) £	Balance at 31 August 2020 £
Unrestricted funds					
General funds	4,071,703	4,455,171	(4,288,965)	(20,967)	4,216,942
Designated pension reserve	(756,000)	-	(1,000)	(150,000)	(907,000)
	<u>3,315,703</u>	<u>4,455,171</u>	<u>(4,289,965)</u>	<u>(170,967)</u>	<u>3,309,942</u>

Statement of funds - prior year

	Balance at 1 September 2018 £	Income £	Expenditure £	Gains/ (Losses) £	Balance at 31 August 2019 £
Unrestricted funds					
General funds	3,750,750	4,062,200	(3,742,058)	811	4,071,703
Designated pension reserve	(454,000)	-	(12,000)	(290,000)	(756,000)
	<u>3,296,750</u>	<u>4,062,200</u>	<u>(3,754,058)</u>	<u>(289,189)</u>	<u>3,315,703</u>

20. Summary of funds

Summary of funds - current year

	Balance at 1 September 2019 £	Income £	Expenditure £	Gains/ (Losses) £	Balance at 31 August 2020 £
General funds	<u>3,315,703</u>	<u>4,455,171</u>	<u>(4,289,965)</u>	<u>(170,967)</u>	<u>3,309,942</u>

SKILLS AND EDUCATION GROUP
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

20. Summary of funds (continued)

Summary of funds - prior year

	Balance at 1 September 2018 £	Income £	Expenditure £	Gains/ (Losses) £	Balance at 31 August 2019 £
General funds	3,296,750	4,062,200	(3,754,058)	(289,189)	3,315,703

21. Analysis of net assets between funds

Analysis of net assets between funds - current period

	Unrestricted funds 2020 £	Total funds 2020 £
Tangible fixed assets	1,752,573	1,752,573
Intangible fixed assets	123,405	123,405
Fixed asset investments	353,708	353,708
Current assets	2,624,264	2,624,264
Creditors due within one year	(637,008)	(637,008)
Pension reserve	(907,000)	(907,000)
Total	3,309,942	3,309,942

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NOTES TO THE FINANCIAL STATEMENTS
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21. Analysis of net assets between funds (continued)

Analysis of net assets between funds - prior period

	Unrestricted funds 2019 £	Total funds 2019 £
Tangible fixed assets	1,774,936	1,774,936
Intangible fixed assets	121,988	121,988
Fixed asset investments	376,821	376,821
Current assets	2,645,306	2,645,306
Creditors due within one year	(847,348)	(847,348)
Pension reserve	(756,000)	(756,000)
Total	3,315,703	3,315,703

22. Reconciliation of net movement in funds to net cash flow from operating activities

	Group 2020 £	Group 2019 £
Net income for the period (as per Statement of Financial Activities)	144,239	308,953
Adjustments for:		
Depreciation charges	53,950	47,229
Amortisation charges	32,624	17,551
Gains/(losses) on investments	20,967	(811)
Dividends, interests and rents from investments	(16,686)	(17,923)
(Increase) in stocks	(13,474)	(10,706)
Decrease/(increase) in debtors	12,903	(22,485)
(Decrease)/increase in creditors	(210,340)	346,902
Defined benefit pension scheme finance cost	1,000	12,000
Net cash provided by operating activities	25,183	680,710

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23. Analysis of cash and cash equivalents

	Group 2020 £	Group 2019 £
Cash in hand	2,303,926	2,325,539
Total cash and cash equivalents	2,303,926	2,325,539

24. Analysis of changes in net debt

	At 1 September 2019 £	Cash flows £	At 31 August 2020 £
Cash at bank and in hand	2,325,539	(21,613)	2,303,926
	2,325,539	(21,613)	2,303,926

25. Related party transactions

Skills and Education Group Access

During the year the charity recharged wages costs to its subsidiary, totalling £66,376 (2019: £89,238), and received payments from this entity totalling £92,055 (2019: £80,643). At the year end an amount of £107 (2019: £14,050) was owed from Skills and Education Group Access.

Skills and Education Group Awards

During the year the charity recharged wages and other costs to its subsidiary, totalling £872,339 (2019: £2,079,852), and received payments from this entity totalling £1,166,878 (2019: £2,009,671). At the year end an amount of £1,034 (2019: £107,012) was owed from Skills and Education Group Awards.

Leicester College

VA Hancock, a trustee, is also the CEO and Principal of Leicester College. During the year the charity invoiced the college £3,000 (2019: £7,920) for provision of charitable services. At the balance sheet date the amount due from Leicester College was £3,000 (2019: £3,000).

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FOR THE YEAR ENDED 31 AUGUST 2020

25. Related party transactions (continued)

New College Stamford

J Meenaghan, a trustee, is also the CEO and Principal of New College Stamford. During the year the charity invoiced the college £1,640 (2019: £960) for provision of charitable services. At the balance sheet date the amount due from New College Stamford was £1,640 (2019: £960).

Buxton and Leek College

L J Tindsley, a trustee, is also a Principal of Buxton and Leek College. During the year the charity invoiced the college £1,320 (2019: £1,940) for provision of charitable services. At the balance sheet date the amount due from Buxton and Leek College was £nil (2019: £nil).

Boston College

J Maher, a trustee, is also the CEO, Principal and Director of Boston College. During the year the charity invoiced the college £3,420 (2019: £3,096) for provision of charitable services and incurred project expenditure costs of £40,600 (2019: £10,000). At the balance sheet date the amount due from Boston College was £1,920 (2019: £1,548).

Burton and South Derbyshire College

J Beaty, a trustee, is also Deputy Principal of Burton and South Derbyshire College. During the year the charity invoiced the college £nil (2019: £1,920) for provision of charitable services. At the balance sheet date the amount due from Burton and South Derbyshire College was £nil (2019: £nil).

Sheffield College

A Foulkes, a trustee, is also Chief Executive and Principal of Sheffield College. During the year the charity invoiced the college £54,320 (2019: £3,840) for provision of charitable services and incurred project expenditure of £22,300 (2019: £17,250). At the balance sheet date the amount due from Sheffield College was £3,000 (2019: £nil).

RNN Group

A Stott, a trustee, is also chair of RNN Group. During the year the charity invoiced £25,984 (2019: £nil) for provision of charitable services. At the balance sheet date the amount due from RNN Group was £1,920 (2019: £nil).

Northern College for Residential Adult Education

Y Y Mellor is also a trustee of Northern College for Residential Adult Education. During the year, income of £9,730 (2019: £nil) was received from the charity. There are no amounts outstanding from the charity at the year end (2019: £nil).

26. Pension commitments

The Charity contributes to defined benefit pension schemes on behalf of those employees who remain auto-enrolled who are not members of either the West Yorkshire Pension Fund or the Teachers' Pension Scheme,

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26. Pension commitments (continued)

which are defined benefit arrangements.

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for teachers. All teachers have the option to opt-out of the TPS following enrolment.

The TPS is an unfunded scheme to which both the member and employer makes contributions, as a percentage of salary - these contributions are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury every 4 years. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2016. The valuation report was published by the Department for Education on 5 March 2019. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 23.68% of pensionable pay (including a 0.08% administration levy)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218,100 million and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196,100 million, giving a notional past service deficit of £22,000 million
- the SCAPE rate, set by HMT, is used to determine the notional investment return. The current SCAPE rate is 2.4% above the rate of CPI. assumed real rate of return is 2.4% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.2%. The assumed nominal rate of return including earnings growth is 4.45%.

The next valuation result is due to be implemented from 1 April 2023.

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website.

Under the definitions set out in FRS 102, the TPS is an unfunded multi-employer pension scheme. The group has accounted for its contributions to the scheme as if it were a defined contribution scheme. The group has set out above the information available on the scheme.

West Yorkshire Pension Fund

The charity participates in the West Yorkshire Pension Fund (WYPF) which is a multi-employer defined benefit scheme.

The date of the most recent comprehensive actuarial valuation was 31 March 2019. The last full actuarial valuation of this scheme by a qualified, independent actuary as at 31 March 2019 was updated on an approximate basis to 31 August 2020.

Contributions were paid at rates of 6.5% to 8.5% for employees throughout the year. Employer's contributions were 45% in the year to 31 August 2020 (year to 31 August 2019 - 45%).

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26. Pension commitments (continued)

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

	At 31 August 2020	At 31 August 2019
	%	%
Discount rate	1.60	1.80
Future salary increases	3.65	3.35
Future pension increases	2.40	2.20
CPI inflation	2.40	2.20
Pension accounts revaluation rates	2.40	2.20

	At 31 August 2020	At 31 August 2019
	Years	Years
Mortality rates (in years)		
- for a male aged 65 now	22	22
- at 65 for a male aged 45 now	23	23
- for a female aged 65 now	25	25
- at 65 for a female aged 45 now	26	27

Sensitivity analysis

	At 31 August 2020	At 31 August 2019
	£	£
Discount rate +0.1%	(36,000)	(35,000)
Discount rate -0.1%	36,000	35,000
Mortality assumption - 1 year increase	(97,000)	(86,000)
Mortality assumption - 1 year decrease	95,000	87,000

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26. Pension commitments (continued)

The Group's share of the assets in the scheme was:

	At 31 August 2020 £	At 31 August 2019 £
Equities	1,283,000	1,378,000
Government bonds	160,000	187,000
Corporate bonds	82,000	80,000
Property	71,000	78,000
Cash and other liquid assets	28,000	34,000
Other	25,000	20,000
Total fair value of assets	1,649,000	1,777,000

The actual return on scheme assets was £57,000 (2019 - £87,000).

The amounts recognised in the Consolidated statement of financial activities are as follows:

	2020 £	2019 £
Current service cost	9,000	8,000
Past service cost	-	5,000
Interest cost	14,000	12,000
Total amount recognised in the Consolidated statement of financial activities	23,000	25,000

Movements in the present value of the defined benefit obligation were as follows:

	2020 £	2019 £
Opening defined benefit obligation	2,533,000	2,250,000
Interest cost	45,000	59,000
Contributions by scheme participants	1,000	1,000
Actuarial losses	62,000	330,000
Benefits paid	(94,000)	(120,000)
Past service costs	-	5,000
Current service cost	9,000	8,000
Closing defined benefit obligation	2,556,000	2,533,000

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NOTES TO THE FINANCIAL STATEMENTS
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26. Pension commitments (continued)

Movements in the fair value of the Group's share of scheme assets were as follows:

	2020 £	2019 £
Opening fair value of scheme assets	1,777,000	1,796,000
Interest income	31,000	47,000
Actuarial (losses)/gains	(88,000)	40,000
Contributions by employer	22,000	13,000
Contributions by scheme participants	1,000	1,000
Benefits paid	(94,000)	(120,000)
<i>Closing fair value of scheme assets</i>	<u>1,649,000</u>	<u>1,777,000</u>

27. Operating lease commitments

At 31 August 2020 the Group and the charitable company had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	Group 2020 £	Group 2019 £	Charity 2020 £	Charity 2019 £
Not later than 1 year	<u>7,499</u>	<u>6,588</u>	<u>7,499</u>	<u>6,588</u>

The following lease payments have been recognised as an expense in the statement of financial activities:

	Group 2020 £	Group 2019 £	Charity 2020 £	Charity 2019 £
Operating lease rentals	<u>7,499</u>	<u>7,430</u>	<u>7,499</u>	<u>7,430</u>