

SKILLS AND EDUCATION GROUP
(A company limited by guarantee)
TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

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 2021**

Trustees

A G Stott, Chair
J P Yarham, Vice Chair (resigned 22 June 2021)
L J Tildsley
J P Beaty
A Foulkes
V A Hancock
J Meenaghan
T F O'Brien (resigned 25 January 2022)
G Clipson
P A Eeles
J Maher (resigned 5 October 2021)
Y Y Mellor (appointed 14 October 2020)
S C Alton (appointed 20 April 2021)
T Hamilton-Dick (appointed 20 April 2021)
L D Probert (appointed 20 April 2021)

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

SKILLS AND EDUCATION GROUP
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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2021

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 year 1 September 2020 to 31 August 2021. 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 services 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), SQA (Scotland)
- 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
- championing social mobility, supporting learners with grants and support through a Foundation.

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 2020/21 year saw a strong recovery following the uncertainties of the previous year which was more significantly affected by Covid-19. The recovery demonstrates the resilience of the Charity in meeting and adapting to a changing regulatory, social and economic environment. It also demonstrates the resilience of the providers that the Charity works with and the support that is given by both the Charity and providers to learners.

All staff had returned to work from furlough, on at least a flexible basis, by 1 September 2020 and on a full-time basis by October 2020.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

Achievements and performance delivering public benefit (continued)

Awarding Services

The Charity developed and launched a total of thirty new qualifications in 2020/21, which included a suite of Level 1 qualifications with eLearning, and the new Transport Manager qualifications for Road Haulage and Passenger Transport. A Level 3 road haulage qualification went on to become the top performing qualification (by income) for the year ending 2021.

A total of 108 qualifications were reviewed between 1 September 2020 and 31 August 2021. This included many of the reviews planned for 2021/22; these were bought forward to allow the product development team the space and time to focus on the review of the BIIAB (a sister company) qualification portfolio in 2021/22.

There were 23,513 registrations against fourteen occupational sectors. Registrations were highest for engineering and manufacturing occupations (37% of all registrations). Other strong performing sectors were Skills for Life, Learning, Employment and Progression (23%) and counselling and therapy (16%).

The Charity has continued to submit applications for approval to deliver additional end-point assessments throughout 2020/21. As a result, it was approved to offer twelve Apprenticeship Standards across three sectors. The Charity was the first (and currently only) end-point assessment organisation (EPAO) to be approved for the new Level 3 Youth Support Worker Apprenticeship Standard.

Development work was carried out during the year on a new awarding management platform prior to a go-live date of autumn 2022. The new platform will be used for awarding management across all aspects of the Group. It provides comprehensive regulatory compliance and an improved customer interface. The platform also has defined governance and risk management modules that will support the work of the Trustees and their responsibilities.

BIIAB Qualifications

Key activities during the reporting period 1 March to 31 August 2021 was on embedding the Company within the wider group structure, supporting staff and on developing the support infrastructure such as finance and IT.

Alongside this, ten new qualifications were developed. These were predominantly a new suite of SIA endorsed security qualifications, and new personal licence holder qualifications for Scotland and the process of qualification reviews. The period ending 31 August 2021 saw the completion of 116 end-point assessments across seventeen Apprenticeship Standards. The Company finished the year with approval to offer end-point assessment for eighteen Apprenticeship Standards.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

Achievements and performance delivering public benefit (continued)

Access to Higher Education

The Charity increased its numbers of providers during the year; nineteen in 2020/21 compared with sixteen in 2019/20. Three new Access to HE Diplomas were also developed. These will be available for registration at the start of 2021. There were 2,497 registrations on diploma programmes in 2020/21 (compared with 2,211 in 2019/20). Of this, 1,431 full diplomas were awarded with a further 484 being awarded credits.

Membership and Communications

The Membership and Communications team reported an increase in engagement with Centres during the year, reflecting the recovery from the impact of Covid-19 in 2019/20 and the resilience of both the Charity and its beneficiaries.

The team provided regular briefings and updates to Centres and held drop-in sessions for customers, providing information, advice and guidance. The business development team were restructured, changing the emphasis of the role to relationship management. Relationship managers moved to operating on a regional basis and have a portfolio of customers spanning across the Group., providing a central point of contact for all group-side services. The team are also building with key regional stakeholders, intelligence from which is used to support product development, strategic and business planning.

Professional development events were attended by 3,344 participants. Within this, demand for in-house/bespoke events increased particularly for management and leadership training. Peer-support networks also remained popular. There was an increase in activity for the online hub; a total of 1,465 practitioners used the online platform.

Grants were awarded to 75 learners through the Foundation. These have supported learners to purchase resources, travel to and from college, supported with the costs of childcare and helped provide additional financial support to asylum seekers. The financial support provided to these learners has ultimately enabled them to progress in their studies and has helped to support them to stay within an educational setting

Operations

The Operations team provided finance, IT and HR functions, data protection and the management of premises and health and safety, particularly in the context of Covid-19. Governance and risk management is the responsibility of the Chief Operating Officer who heads up this team.

There was a staged re-opening of Charity premises with, in some instance, a move to permanent home working for some staff. For other staff, whose role permits it, flexible working patterns that supported a mix of home and office-based work was introduced. A Covid-19 Risk Assessment was developed in advance of staff returning and updated/maintained to reflect new and emerging guidance. The development of this was supported by a group of staff from different teams and entities within the Group. Health and safety equipment and resources have been purchased to help mitigate the risk of Covid-19 in the workplace.

The “lockdown” period tested the ability of the Charity to work remotely whilst continuing to support customers and maintain business functions. This was, generally, very successful but raised questions about the longer term need to sustain remote working and provide professional online support for customers. It became clear that there is far wider acceptance of online professional development and an increasing willingness to participate in virtual meetings and events. As it was felt that this way of working was likely to continue post-pandemic, IT hardware and other resources needed to support remote working and ensure the growth objectives of the Charity could be met were identified. Investment was made into audio visual equipment supporting virtual and hybrid meetings (a mix of virtual participants and face-to-face).

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TRUSTEES' REPORT (CONTINUED)
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Achievements and performance delivering public benefit (continued)

The Charity continues to deliver the Education and Training Foundations "SET for Teaching Success" programme. In its final year, the programme has supported 83 trainee teachers. A strategic decision was taken to reduce the level of project activities in the year. This reflected recognition of increased awarding activity through Skills and Education Group Awards, Skills and Education Group Access and BIIAB Qualifications Limited and the focus in year at harmonizing IT platforms, financial systems and HR approaches.

Project opportunities will continue to be sought where these fulfill the charity's strategic aims to support its members and the wider sector through the development of new teaching, learning and assessment approaches.

b. Fundraising standards information

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

Financial review

a. Going concern

Trustees 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, and the identification of resources needed to support current and future planned developments.

The acquisition of BIIAB Qualifications Limited (BIIAB), which presented itself at the start of the previous financial year, was completed in February 2021. This followed detailed financial and legal due diligence. 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. The acquisition of BIIAB significantly extended the portfolio of services offered across the Group, increasing the number of customers and access to market. Trustees are confident that BIIAB will make a positive contribution to the on-going financial growth of the Skills and Education Group.

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 continuing 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.

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. This confidence is based on:

- An agile strategic approach that is responsive to external factors
- Accelerating the development and introduction of e-learning applications and other technologies to support the launch of new products and services
- 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.

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TRUSTEES' REPORT (CONTINUED)
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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 enable 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.

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	£500,000
Social Mobility	<ul style="list-style-type: none">•Re-invest surplus funds to support social mobility and provide public benefit	£140,000
Designated Pension Fund	<ul style="list-style-type: none">•Designated fund recognising local government pension scheme deficit	£600,000
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)	£100,000

Unrestricted funds at the end of the year were £4,038k (2020 £3,310k) and free reserves which exclude fixed assets and are stated before the defined benefit pension liability are £1,949k (2020 £2,341k). Trustees consider the unrestricted funds to meet the Charity's reserve policy.

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TRUSTEES' REPORT (CONTINUED)
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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 surplus of £728,062 (2020: deficit £5,761) after an actuarial gain of £306,000 (2020: £150,000 loss) on the defined benefit pension scheme. The surplus before this adjustment is £423,335 (2020: £144,239).

Total income was £4,060,649 (2020: £4,455,171). Income lines for Access to HE, awarding income and MOT Annual Assessments all met budget targets. Income was £75k above the reforecast position agreed in March 2021. Project income reduced to £205k in the year. This relates to the final year of the Education and Training Foundation for the delivery of "SET for Teaching Success" programme.

Total expenditure was £3,680,728 (2020: £4,289,965) 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 £2,211,045 (2020: £2,137,394). Salaries and associated costs remain the primary cost to the Charity.

Net assets, excluding the defined benefit pension liability, at the year end were £4,638,004 compared with £4,216,942 in 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
- The ongoing impact of Covid-19 on education as well as the wider economy.

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.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

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. At the end of August 2021, the portfolio had a value of £397,699 (2020: £353,708).

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:
Company Number 03773914
Charity Number 1088839
- BIIAB Qualifications Limited, a private limited company
Company Number 10054831
- Quality License Scheme Limited (from 1 September 2021) a private company limited by guarantee without share capital
Company Number 10051052

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.

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TRUSTEES' REPORT (CONTINUED)
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Structure, governance and management (continued)

b. Methods of appointment or election of Trustees

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

Y Y Mellor (appointed 14 October 2020)
S C Alton (appointed 20 April 2021)
T Hamilton-Dick (appointed 20 April 2021)
L D Probert (appointed 20 April 2021)
J P Yarham (resigned 22 June 2021)
J Maher (resigned 5 October 2021)
T F O' Brien (resigned 25 January 2022)

Trustees are recruited in accordance with the Articles of Association (revised, adopted 12 October 2021) section 18 – 21 which cover elected, co-opted and subsidiary representative directors.

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 the group.

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

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FOR THE YEAR ENDED 31 AUGUST 2021

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 (ELT) to determine the strategic direction of the charity 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.

A Chairs and ELT Group meets four times a year and enables the Chairs to have a collective and strategic oversight of the Charity. The Chairs of the Charity, Skills and Education Group Access, Skills and Education Awards and BIAB Qualifications Limited are members of this Group.

The group meets prior to quarterly Board of Trustees meetings and provides a structure for the Chairs to review and monitor:

- the performance of the CEO and the Executive Leadership Team
- financial performance for the Charity and take a holistic view of all entities within the group structure
- performance against strategic and business plans of the Charity and all other entities
- 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.

The Chief Executive is a Trustee of the Skills and Education Group, an appointment made under article 20 of the Skills and Education Group Articles.

Day-to-day management of the Charity is delegated to the Group Chief Executive Office, 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.

The CEO, COO and two Directors form the Executive Leadership Team. The COO is the Company Secretary for the purpose of Company Law.

The Executive Leadership Team meets on a weekly basis with one meeting a month having a focus 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.

At the end of 2021, a senior management team (SMT) consisting of Heads of Service was created. This reflects the size and diverse nature of the Group of charities/companies. The SMT meet monthly and inform the development and implementation of day-to-day business/operational plans and longer-term strategic plans.

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Structure, governance and management (continued)

In addition, a Scrutiny Group meets once a month to formally review regulatory needs across all awarding functions and other regulatory requirements including those relating to the Information Commissioners Officer (ICO), Companies House and the Charity Commission. Scrutiny Group membership is the ELT, Deputy Director of Awarding/Responsible Officer, Head of Access, Head of Compliance and Regulation and the Head of Quality.

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.

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TRUSTEES' REPORT (CONTINUED)
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Plans for future periods

Trustees supported the development and adoption of "Ambition 2025", challenging assumptions and using their skills and knowledge to define objectives and associated targets. Ambition 2025 is a five-year strategic plan that articulates ten key priorities that will take the Charity forward. This re-defined the Charity's purpose, mission and vision to reflect the expanded Group and the services that this now provides:

Purpose

1. To support the development and delivery of further education and skills providers and their staff
2. Champion and support the social impact of the further education and skills sector
3. To develop and award industry relevant, high-quality qualifications, awards, accreditations and end-point assessments
4. To be a national leader in Access to HE, awarding high quality Access to HE Diplomas that enable learners to progress into further study and/or employment.

Mission

The advancement of skills and education to improve the lives of individuals.

Vision

To provide high-quality services centred on collaboration, responsiveness and diversity, supporting our members and customers to positively impact on the learners, communities and sectors they serve to achieve their full potential, no matter what their age, background or ability.

The plans set annual key performance indicators in the context of longer-term objectives.

- To see a growth in membership
- Increase the number of people participating in professional development events
- An increase in the uptake of grants to learners awarded through the Group's Foundation
- The appointment of champions to support social mobility
- Year-on-year increase in the number of certificates issued for regulated and non-regulated activities
- To see a growth in membership
- Increase the number of Ofqual-regulated awards
- Increase turnover
- Develop an international offer for Access to HE
- Undertake staff surveys, targeting a year-on-year increase in overall staff satisfaction
- Development and sign-off by Trustees of a five-year product development plan.

Trustees recognised the importance of the White Paper "Skills for Jobs: Lifelong Learning for Opportunity and Growth" (published January 2021) and continue to consider the future direction of the Charity in the context of further education reforms. Trustees recognise the importance of accessible, responsive, and flexible training and the role that employers have in this. The future plans of the Charity are aligned to the White Paper (much of which has been welcomed by the further education sector) and are reflected in business plans that support Ambition 2025.

Trustees also note, the intent for excellent teaching in further education and the role that the Charity has through its professional development offer in supporting this.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

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 (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 business.

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 (Mar 30, 2022 16:50 GMT+1)

A G Stott
(Chair of Trustees)

Date: Mar 30, 2022

SKILLS AND EDUCATION GROUP
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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 2021 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 2021 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

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 the group's or the parent charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

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

Other information

The other information comprises the information included in the trustees' report other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the trustees' 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' 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:

- the parent charitable company has not kept adequate and sufficient accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company 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.

SKILLS AND EDUCATION GROUP
(A company limited by guarantee)

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

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 the 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 the parent 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

We have been appointed 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.

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

We gained an understanding of the legal and regulatory framework applicable to the group and parent charitable company and the sector in which it operates, and considered the risk of such regulations, including fraud. Based on our understanding of the group, we identified that the principal risks of non-compliance with laws and regulations related to qualification licensing, validating and accessing regulations, and we considered the extent to which non-compliance might have a material effect on the financial statements. We designed audit procedures to respond to the risk, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error.

We focussed on laws and regulations relevant to the group and parent charitable company which could give rise to a material misstatement in the financial statements. Our testing included discussions with management and directors with direct responsibility for the compliance of laws and regulations, agreeing financial statement disclosures to underlying supporting documentation, and reviewing legal expenses. There are inherent limitations in the audit procedures described and, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it.

As part of our audit, we addressed the risk of management override of internal controls, including testing of journals and review of the nominal ledger. We evaluated whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those

SKILLS AND EDUCATION GROUP
(A company limited by guarantee)

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

leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditors/audit-assurance/auditor-s-responsibilities-for-the-audit-of-the-fi/description-of-the-auditor%E2%80%99s-responsibilities-for. 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 \(Apr 4, 2022 14:06 GMT+1\)](#)

Jane Marshall (senior statutory auditor)

for and on behalf of

BHP LLP

2 Rutland Park

Sheffield

S10 2PD

Date: Apr 4, 2022

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 2021**

	Note	Unrestricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
Income from:				
Charitable activities	4	3,325,077	3,325,077	4,061,351
Other trading activities	5	675,404	675,404	23,328
Investments	6	10,235	10,235	16,686
Other income	7	49,933	49,933	353,806
Total income		4,060,649	4,060,649	4,455,171
Expenditure on:				
Raising funds	8	663,344	663,344	-
Charitable activities	9	3,017,384	3,017,384	4,289,965
Total expenditure		3,680,728	3,680,728	4,289,965
Net income before net gains/(losses) on investments		379,921	379,921	165,206
Net gains/(losses) on investments		43,414	43,414	(20,967)
Net movement in funds before other recognised gains/(losses)		423,335	423,335	144,239
Other recognised gains/(losses):				
Actuarial (losses)/gains on defined benefit pension schemes	29	306,000	306,000	(150,000)
Loss on foreign exchange		(1,273)	(1,273)	-
Net movement in funds		728,062	728,062	(5,761)
Reconciliation of funds:				
Total funds brought forward		3,309,942	3,309,942	3,315,703
Net movement in funds		728,062	728,062	(5,761)
Total funds carried forward		4,038,004	4,038,004	3,309,942

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 2021

	Note	2021 £	2020 £
Fixed assets			
Intangible assets	14	950,171	123,405
Tangible assets	15	1,739,186	1,752,573
Investments	16	397,699	353,708
		<u>3,087,056</u>	<u>2,229,686</u>
Current assets			
Stocks	17	39,962	24,180
Debtors	18	735,328	296,158
Cash at bank and in hand	26	2,207,585	2,303,926
		<u>2,982,875</u>	<u>2,624,264</u>
Creditors: amounts falling due within one year	19	(973,957)	(637,008)
Net current assets		<u>2,008,918</u>	<u>1,987,256</u>
Total assets less current liabilities		<u>5,095,974</u>	<u>4,216,942</u>
Creditors: amounts falling due after more than one year	20	(457,970)	-
Net assets excluding pension liability		<u>4,638,004</u>	<u>4,216,942</u>
Defined benefit pension scheme liability	29	(600,000)	(907,000)
Total net assets		<u>4,038,004</u>	<u>3,309,942</u>
Charity funds			
Unrestricted funds	22	4,038,004	3,309,942
Total funds		<u>4,038,004</u>	<u>3,309,942</u>

SKILLS AND EDUCATION GROUP
(A company limited by guarantee)

CONSOLIDATED BALANCE SHEET (CONTINUED)
AS AT 31 AUGUST 2021

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 (Mar 30, 2022 16:50 GMT+1)

A G Stott
(Chair of Trustees)
Date: Mar 30, 2022

The notes on pages 24 to 54 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 2021

	Note	2021 £	2020 £
Fixed assets			
Intangible assets	14	75,427	67,197
Tangible assets	15	1,081,734	1,076,631
Investments	16	1,291,330	389,369
		<u>2,448,491</u>	<u>1,533,197</u>
Current assets			
Debtors	18	660,268	139,151
Cash at bank and in hand		94,547	788,103
		<u>754,815</u>	<u>927,254</u>
Creditors: amounts falling due within one year	19	(715,697)	(539,951)
		<u>39,118</u>	<u>387,303</u>
Total assets less current liabilities		<u>2,487,609</u>	<u>1,920,500</u>
Creditors: amounts falling due after more than one year	20	(457,970)	-
Total net assets		<u><u>2,029,639</u></u>	<u><u>1,920,500</u></u>
Charity funds			
Unrestricted funds	22	2,029,639	1,920,500
Total funds		<u><u>2,029,639</u></u>	<u><u>1,920,500</u></u>

SKILLS AND EDUCATION GROUP
(A company limited by guarantee)

CHARITABLE COMPANY BALANCE SHEET (CONTINUED)
AS AT 31 AUGUST 2021

The charitable company 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. The charitable company's net movement in funds for the year was £64,564 (2020 - £30,185).

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 (Mar 30, 2022 16:50 GMT+1)

A G Stott
(Chair of Trustees)
Date: Mar 30, 2022

The notes on pages 24 to 54 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 2021

	Note	2021 £	2020 £
Cash flows from operating activities			
Net cash provided by operating activities	25	136,574	25,183
		<hr/>	<hr/>
Cash flows from investing activities			
Dividends, interests and rents from investments		10,235	16,686
Purchase of intangible assets		(147,402)	(34,041)
Purchase of tangible fixed assets		(48,905)	(31,587)
Proceeds from sale of investments		31,839	56,396
Purchase of investments		(32,416)	(54,250)
Purchase of subsidiary		(96,266)	-
		<hr/>	<hr/>
Net cash used in investing activities		(282,915)	(46,796)
		<hr/>	<hr/>
Cash flows from financing activities			
Receipt of loan		50,000	-
		<hr/>	<hr/>
Net cash provided by financing activities		50,000	-
		<hr/>	<hr/>
Change in cash and cash equivalents in the year		(96,341)	(21,613)
Cash and cash equivalents at the beginning of the year		2,303,926	2,325,539
		<hr/>	<hr/>
Cash and cash equivalents at the end of the year	26	2,207,585	2,303,926
		<hr/> <hr/>	<hr/> <hr/>

SKILLS AND EDUCATION GROUP
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

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

The financial statements have been prepared on a going concern basis as the trustees believe that no material uncertainties exist. The trustees have considered the level of funds held and the expected level of income and expenditure for 12 months from authorising these financial statements. The budgeted income and expenditure is sufficient with the level of reserves for the charity to be able to continue as a going concern.

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.

SKILLS AND EDUCATION GROUP
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

2. Accounting policies (continued)

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.

Goodwill arising on business combinations is capitalised, classified as an asset on the balance sheet and amortised on a straight line basis over its useful life. Provision is made for any impairment.

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.:

Amortisation is provided on the following bases:

Development expenditure	-	Not depreciated
Goodwill	-	10 % straight line
Website	-	25 % straight line
Bespoke software	-	20 % straight line

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

2. Accounting policies (continued)

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, using the straight-line method.

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.

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. Accounting policies (continued)

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.

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.

SKILLS AND EDUCATION GROUP
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

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 2021 £	Total funds 2021 £	Total funds 2020 £
Learner recognition	2,677,030	2,677,030	2,380,635
HE recognition	356,207	356,207	281,660
Project, membership and CPD	291,840	291,840	1,399,056
Total 2021	3,325,077	3,325,077	4,061,351
Total 2020	4,061,351	4,061,351	

SKILLS AND EDUCATION GROUP
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

5. Income from other trading activities

Income from non charitable trading activities

	Unrestricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
Room hire & provision of facilities	18,326	18,326	23,328
BIIAB income	657,078	657,078	-
	<u>675,404</u>	<u>675,404</u>	<u>23,328</u>
Total 2020	<u>23,328</u>	<u>23,328</u>	

6. Investment income

	Unrestricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
Dividends receivable from listed investments	10,055	10,055	11,435
Interest receivable	180	180	5,251
Total 2021	<u>10,235</u>	<u>10,235</u>	<u>16,686</u>
Total 2020	<u>16,686</u>	<u>16,686</u>	

SKILLS AND EDUCATION GROUP
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

7. Other income

	Unrestricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
Lettings, admin fees and other income	11,371	11,371	18,248
CJRS income	38,562	38,562	335,558
Total 2021	49,933	49,933	353,806
Total 2020	353,806	353,806	

8. Expenditure on raising funds

Other trading expenses

	Unrestricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
BIIAB cost of sales	151,054	151,054	-
BIIAB administration expenses	512,106	512,106	-
Administration depreciation	184	184	-
	663,344	663,344	-

SKILLS AND EDUCATION GROUP
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

9. Analysis of expenditure on charitable activities

	Unrestricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
Learner recognition	1,618,151	1,618,151	1,513,048
HE recognition	247,474	247,474	251,846
Project, membership and CPD	1,151,759	1,151,759	2,525,071
Total 2021	<u>3,017,384</u>	<u>3,017,384</u>	<u>4,289,965</u>
Total 2020	<u>4,289,965</u>	<u>4,289,965</u>	

10. Analysis of expenditure by activities

	Activities undertaken directly 2021 £	Support costs 2021 £	Total funds 2021 £	Total funds 2020 £
Learner recognition	337,430	1,280,721	1,618,151	1,513,048
HE recognition	76,650	170,824	247,474	251,846
Project, membership and CPD	650,887	500,872	1,151,759	2,525,071
Total 2021	<u>1,064,967</u>	<u>1,952,417</u>	<u>3,017,384</u>	<u>4,289,965</u>
Total 2020	<u>2,710,456</u>	<u>1,579,509</u>	<u>4,289,965</u>	

SKILLS AND EDUCATION GROUP
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

10. Analysis of expenditure by activities (continued)

Analysis of direct costs

	Learner Recognition 2021 £	HE Recognition 2021 £	Project, Membership and CPD 2021 £	Total funds 2021 £	Total funds 2020 £
Staff costs	139,295	11,347	503,981	654,623	1,245,371
Moderator and examiners costs	132,991	36,501	-	169,492	131,584
Centre costs	21,614	-	-	21,614	29,187
CPD and project expenses	-	-	146,906	146,906	1,225,030
Certificates	35,771	7,224	-	42,995	40,282
QAA registration	-	21,578	-	21,578	18,871
Finance charges	7,759	-	-	7,759	20,131
Total 2021	337,430	76,650	650,887	1,064,967	2,710,456
Total 2020	493,477	95,171	2,121,808	2,710,456	

SKILLS AND EDUCATION GROUP
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

10. Analysis of expenditure by activities (continued)

Analysis of support costs

	Learner Recognition 2021 £	HE Recognition 2021 £	Project, Membership and CPD 2021 £	Total funds 2021 £	Total funds 2020 £
Pension finance costs	14,000	-	-	14,000	14,000
Staff costs	938,819	127,103	-	1,065,922	892,023
Bad debt	159	-	-	159	-
Other staff costs	41,766	1,470	90,297	133,533	121,059
Depreciation and amortisation	17,777	19,928	44,026	81,731	76,094
Qualification development	33,071	-	-	33,071	3,997
Administration	45,431	855	29,597	75,883	34,793
Communications and marketing	2,358	718	28,677	31,753	34,926
Donations	8,835	-	23,200	32,035	22,975
Premises	13,195	13,822	68,846	95,863	73,133
ICT costs	53,440	1,463	128,535	183,438	125,433
Professional fees	22,069	2,301	57,650	82,020	62,967
Bank charges	-	516	9,298	9,814	9,326
Irrecoverable VAT	30,838	2,648	20,746	54,232	74,145
Governance costs	58,963	-	-	58,963	34,638
Total 2021	1,280,721	170,824	500,872	1,952,417	1,579,509
Total 2020	1,019,571	156,675	403,263	1,579,509	

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.

11. Auditor's remuneration

The Auditor's remuneration amounts to an audit fee of £30,830 (2020: £20,190) and other services of £360 (2020: £420).

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12. Staff costs

	Group 2021	Group 2020
	£	£
Wages and salaries	1,820,217	1,756,790
Social security costs	166,475	163,957
Pension costs	224,353	216,647
	<u>2,211,045</u>	<u>2,137,394</u>

During the year a total of £2,506 was paid (2020: £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 £9,000 in the year (2020: £42,376). Skills and Education Group Access incurred redundancy costs of £nil during the year (2020: £3,665).

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

	Group 2021	Group 2020
	No.	No.
Charitable activities	24	29
Administration	12	21
Management	13	4
	<u>49</u>	<u>54</u>

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

	Group 2021	Group 2020
	No.	No.
In the band £60,001 - £70,000	2	1
In the band £70,001 - £80,000	1	-
In the band £110,001 - £120,000	-	1
In the band £120,001 - £130,000	1	-

The total remuneration and benefits received by key management personnel was £419,484 (2020: £236,422). The trustees consider the key management personnel to be the Chief Executive Officer, Chief Operating Officer, Director of Member Services and Communication (2021 only) and the Director of Awarding Services (2021 only).

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13. Trustees' remuneration and expenses

During the year, one or more Trustees has been paid remuneration or has received other benefits from an employment with the charitable company. The value of Trustees' remuneration and other benefits was as follows:

		2021 £	2020 £
P A Eeles	Remuneration	121,884	117,238
	Pension contributions paid	26,401	19,344

During the year ended 31 August 2021, travel expenses totalling £280 were reimbursed or paid directly to 2 Trustees of the charitable group (2020 - £2,302 to 6 Trustees).

Included in the above were travel expenses reimbursed to 2 trustees of the parent charitable company totalling £280 (2020: £1,951 to 3 Trustees).

14. Intangible assets

Group

	Development £	Bespoke software £	Website £	Goodwill on consolidation £	Total £
Cost					
At 1 September 2020	-	-	220,432	-	220,432
Additions	60,576	21,541	65,285	754,236	901,638
At 31 August 2021	<u>60,576</u>	<u>21,541</u>	<u>285,717</u>	<u>754,236</u>	<u>1,122,070</u>
Amortisation					
At 1 September 2020	-	-	97,027	-	97,027
Charge for the year	-	414	36,746	37,712	74,872
At 31 August 2021	<u>-</u>	<u>414</u>	<u>133,773</u>	<u>37,712</u>	<u>171,899</u>
Net book value					
At 31 August 2021	<u><u>60,576</u></u>	<u><u>21,127</u></u>	<u><u>151,944</u></u>	<u><u>716,524</u></u>	<u><u>950,171</u></u>
At 31 August 2020	<u>-</u>	<u>-</u>	<u>123,405</u>	<u>-</u>	<u>123,405</u>

SKILLS AND EDUCATION GROUP
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NOTES TO THE FINANCIAL STATEMENTS
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14. Intangible assets (continued)

Charity

	Website £
Cost	
At 1 September 2020	100,594
Additions	26,968
At 31 August 2021	<u>127,562</u>
Amortisation	
At 1 September 2020	33,397
Charge for the year	18,738
At 31 August 2021	<u>52,135</u>
Net book value	
At 31 August 2021	<u>75,427</u>
At 31 August 2020	<u>67,197</u>

SKILLS AND EDUCATION GROUP
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NOTES TO THE FINANCIAL STATEMENTS
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15. Tangible fixed assets

Group

	Freehold property £	Fixtures and fittings £	Office equipment £	Computer equipment £	Prefabricated building £	Total £
<i>Cost or valuation</i>						
At 1 September 2020	2,596,200	244,964	-	196,061	15,482	3,052,707
Additions	-	2,048	1,623	45,234	-	48,905
At 31 August 2021	<u>2,596,200</u>	<u>247,012</u>	<u>1,623</u>	<u>241,295</u>	<u>15,482</u>	<u>3,101,612</u>
<i>Depreciation</i>						
At 1 September 2020	937,541	205,153	-	141,958	15,482	1,300,134
Charge for the year	34,997	5,047	184	22,064	-	62,292
At 31 August 2021	<u>972,538</u>	<u>210,200</u>	<u>184</u>	<u>164,022</u>	<u>15,482</u>	<u>1,362,426</u>
<i>Net book value</i>						
At 31 August 2021	<u>1,623,662</u>	<u>36,812</u>	<u>1,439</u>	<u>77,273</u>	<u>-</u>	<u>1,739,186</u>
At 31 August 2020	<u>1,658,659</u>	<u>39,811</u>	<u>-</u>	<u>54,103</u>	<u>-</u>	<u>1,752,573</u>

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NOTES TO THE FINANCIAL STATEMENTS
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15. Tangible fixed assets (continued)

Charity

	Freehold property £	Fixtures and fittings £	Computer equipment £	Prefabricated building £	Total £
<i>Cost or valuation</i>					
At 1 September 2020	1,270,284	215,148	121,243	15,482	1,622,157
Additions	-	2,048	45,234	-	47,282
At 31 August 2021	<u>1,270,284</u>	<u>217,196</u>	<u>166,477</u>	<u>15,482</u>	<u>1,669,439</u>
<i>Depreciation</i>					
At 1 September 2020	268,328	175,263	86,453	15,482	545,526
Charge for the year	18,547	4,986	18,646	-	42,179
At 31 August 2021	<u>286,875</u>	<u>180,249</u>	<u>105,099</u>	<u>15,482</u>	<u>587,705</u>
<i>Net book value</i>					
At 31 August 2021	<u><u>983,409</u></u>	<u><u>36,947</u></u>	<u><u>61,378</u></u>	<u><u>-</u></u>	<u><u>1,081,734</u></u>
At 31 August 2020	<u><u>1,001,956</u></u>	<u><u>39,885</u></u>	<u><u>34,790</u></u>	<u><u>-</u></u>	<u><u>1,076,631</u></u>

SKILLS AND EDUCATION GROUP
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

16. Fixed asset investments

<i>Group</i>	Listed investments £		
Cost or valuation			
At 1 September 2020			353,708
Additions			32,416
Disposals			(31,839)
Revaluations			43,414
At 31 August 2021			397,699
Net book value			
At 31 August 2021			397,699
At 31 August 2020			353,708
	Investments in subsidiary companies £	Listed investments £	Total £
Charitable company			
Cost or valuation			
At 1 September 2020	35,661	353,708	389,369
Additions	-	32,416	32,416
On acquisition of subsidiaries	857,970	-	857,970
Disposals	-	(31,839)	(31,839)
Revaluations	-	43,414	43,414
At 31 August 2021	893,631	397,699	1,291,330
Net book value			
At 31 August 2021	893,631	397,699	1,291,330
At 31 August 2020	35,661	353,708	389,369

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

16. Fixed asset investments (continued)

The historic cost of listed investments at 31 August 2021 amounted to £338,384 (2020: £340,509).

Included within the valuation of the portfolio was a cash balance of £10,704 at the year end (2020: £12,682).

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%
BIIAB Qualifications Limited	10054831	N/a	Robins Wood House, Robins Wood Road, Aspley, Nottingham, NG8 3NH	Advancement of education learning and training in the Hospitality Sector	100%
Quality Licence Scheme Limited (dormant)	10051052	N/a	Robins Wood House, Robins Wood Road, Aspley, Nottingham, NG8 3NH	Advancement of primary and secondary education	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	1,881,515	1,582,896	298,619	1,670,574
Skills and Education Group Access	392,148	371,578	20,570	379,718
BIIAB Qualifications Limited	657,078	625,632	31,446	135,180

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NOTES TO THE FINANCIAL STATEMENTS
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17. Stocks

	Group 2021	Group 2020
	£	£
Finished goods and goods for resale	39,962	24,180

18. Debtors

	Group 2021	Group 2020	Charity 2021	Charity 2020
	£	£	£	£
Trade debtors	495,752	129,264	44,584	27,831
Amounts owed by group undertakings	-	-	562,812	1,141
Other debtors	2,527	6,292	-	2,975
Called up share capital not paid	2	-	-	-
Prepayments and accrued income	237,047	160,602	52,872	107,204
	735,328	296,158	660,268	139,151

SKILLS AND EDUCATION GROUP
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

19. Creditors: Amounts falling due within one year

	Group 2021 £	Group 2020 £	Charity 2021 £	Charity 2020 £
Other loans	50,000	-	50,000	-
Trade creditors	129,800	47,050	47,635	9,511
Other taxation and social security	98,469	39,254	53,682	36,814
Other creditors	201,069	26,557	195,369	23,939
Accruals and deferred income	494,619	524,147	369,011	469,687
	973,957	637,008	715,697	539,951

	Group 2021 £	Group 2020 £	Charity 2021 £	Charity 2020 £
Deferred income at 1 September 2020	243,593	482,721	218,218	459,679
Resources deferred during the year	255,974	243,593	219,484	218,218
Amounts released from previous periods	(243,593)	(482,721)	(218,218)	(459,679)
	255,974	243,593	219,484	218,218

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

20. Creditors: Amounts falling due after more than one year

	Group 2021 £	Group 2020 £	Charity 2021 £	Charity 2020 £
Other creditors	457,970	-	457,970	-

SKILLS AND EDUCATION GROUP
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NOTES TO THE FINANCIAL STATEMENTS
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21. Business combinations

On 28 February 2021 the charitable company acquired 100% of the share capital of BIIAB Qualifications Ltd for £900,000. £200,000 was settled in cash. Seven further deferred consideration payments of £100,000 are due with a net present value of £657,970.

	Book value £	Fair value £
<i>Current Assets</i>		
Stocks	8,359	8,359
Debtors	218,272	218,272
	<hr/>	<hr/>
<i>Total Assets</i>	226,631	226,631
<i>Creditors</i>		
Due within one year	(122,897)	(122,897)
	<hr/>	<hr/>
<i>Total identifiable net assets</i>	103,734	103,734
	<hr/>	<hr/>
Goodwill		754,236
		<hr/>
<i>Total purchase consideration</i>		857,970
		<hr/> <hr/>

The goodwill arising on acquisition is attributable to Skills and Education Group.

The results of BIIAB Qualifications Ltd since acquisition are as follows:

	Current period since acquisition £
Revenue	657,078
	<hr/>
Profit for the period since acquisition	31,446
	<hr/> <hr/>

SKILLS AND EDUCATION GROUP
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

22. Statement of funds

Statement of funds - current year

	Balance at 1 September 2020 £	Income £	Expenditure £	Gains/ (Losses) £	Balance at 31 August 2021 £
Unrestricted funds					
General funds - charitable company	1,920,500	1,129,908	(1,100,622)	42,141	1,991,927
Skills and Education Group Awards post acquisition reserves	1,336,294	1,881,515	(1,582,896)	-	1,634,913
Skills and Education Group Access	960,148	392,148	(372,578)	-	979,718
BIIAB Qualifications post acquisition reserves	-	657,078	(625,632)	-	31,446
Designated pension reserve - SEG Access	(907,000)	-	1,000	306,000	(600,000)
	3,309,942	4,060,649	(3,680,728)	348,141	4,038,004

Statement of funds - prior year

	Balance at 1 September 2019 £	Income £	Expenditure £	Gains/ (Losses) £	Balance at 31 August 2020 £
Unrestricted funds					
General funds - charitable company	1,890,315	2,494,209	(2,443,057)	(20,967)	1,920,500
Skills and Education Group Awards post acquisition reserves	1,229,243	1,630,319	(1,523,268)	-	1,336,294
Skills and Education Group Access	952,145	330,643	(322,640)	-	960,148
Designated pension reserve - SEG Access	(756,000)	-	(1,000)	(150,000)	(907,000)
	3,315,703	4,455,171	(4,289,965)	(170,967)	3,309,942

SKILLS AND EDUCATION GROUP
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NOTES TO THE FINANCIAL STATEMENTS
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23. Summary of funds

Summary of funds - current year

	Balance at 1 September 2020 £	Income £	Expenditure £	Gains/ (Losses) £	Balance at 31 August 2021 £
General funds	3,309,942	4,060,649	(3,680,728)	348,141	4,038,004

Summary of funds - prior year

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

24. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2021 £	Total funds 2021 £
Tangible fixed assets	1,739,186	1,739,186
Intangible fixed assets	950,171	950,171
Fixed asset investments	397,699	397,699
Current assets	2,982,875	2,982,875
Creditors due within one year	(973,957)	(973,957)
Creditors due in more than one year	(457,970)	(457,970)
Pension reserve	(600,000)	(600,000)
Total	4,038,004	4,038,004

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24. Analysis of net assets between funds (continued)

Analysis of net assets between funds - prior year

	Unrestricted funds 2020 £	Restricted 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

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

	Group 2021 £	Group 2020 £
Net income for the year (as per Statement of Financial Activities)	423,335	144,239
Adjustments for:		
Depreciation charges	62,292	53,950
Amortisation charges	74,872	32,624
(Losses)/ gains on investments	(43,414)	20,967
Dividends, interests and rents from investments	(10,235)	(16,686)
(Increase) in stocks	(15,782)	(13,474)
(Increase)/decrease in debtors	(439,170)	12,903
(Decrease) in creditors	86,949	(210,340)
Defined benefit pension scheme FRS102 costs	(1,000)	1,000
(Loss) on foreign exchange	(1,273)	-
Net cash provided by operating activities	136,574	25,183

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26. Analysis of cash and cash equivalents

	Group 2021 £	Group 2020 £
Cash in hand	2,207,585	2,303,926
<i>Total cash and cash equivalents</i>	2,207,585	2,303,926

27. Analysis of changes in net debt

	At 1 September 2020 £	Cash flows £	Acquisition and disposal of subsidiaries £	At 31 August 2021 £
Cash at bank and in hand	2,303,926	103,659	(200,000)	2,207,585
Debt due within 1 year	-	(50,000)	-	(50,000)
	2,303,926	53,659	(200,000)	2,157,585

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NOTES TO THE FINANCIAL STATEMENTS
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28. Related party transactions

Skills and Education Group Access

During the year the charity recharged wages costs to its subsidiary, totalling £160,644 (2020: £66,376), and received payments from this entity totalling £160,577 (2020: £92,055). At the year end an amount of £69 (2020: £107) 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 £1,150,172 (2020: £872,359), and received payments from this entity totalling £1,106,868 (2020: £1,166,878). At the year end an amount of £60,238 (2020: £1,034) was owed from Skills and Education Group Awards.

BIIAB Qualifications Limited

During the period from acquisition the charity recharged wages and other costs to its subsidiary, totalling £208,477 (2020: £nil), and received payments from this entity totalling £Nil. At the year end an amount of £513,609 (2020: £nil) was owed from BIIAB Qualifications Limited.

Leicester College

V A Hancock, a trustee, is also the CEO and Principal of Leicester College. During the year the charity invoiced the college £12,920 (2020: £3,000) for provision of charitable services. At the balance sheet date the amount due from Leicester College was £2,648 (2020: £3,000).

York College

L D Probert, a trustee appointed in the year, is also the CEO and Principal of York College. During the year the charity invoiced the college £3,000 (2020: £Nil) for provision of charitable services. At the balance sheet date the amount due from York College was £Nil (2020: £Nil).

New College Stamford (part of Inspire Education Group)

J Meenaghan, a trustee, is also the CEO and Principal of New College Stamford. During the year the charity invoiced the college £1,920 (2020: £1,640) for provision of charitable services. At the balance sheet date the amount due from New College Stamford was £1,605 (2020: £1,640).

Buxton and Leek College (part of the University of Derby)

L J Tindsley, a trustee, is also a Principal of Buxton and Leek College. During the year the charity invoiced the college £3,030 (2020: £1,320) for provision of charitable services. At the balance sheet date the amount due from Buxton and Leek College was £Nil (2020: £nil).

Sheffield College

A Foulkes, a trustee, is also Chief Executive and Principal of Sheffield College. During the year the charity invoiced the college £3,000 (2020: £54,320) for provision of charitable services and incurred project expenditure of £Nil (2020: £22,300). At the balance sheet date the amount due from Sheffield College was £Nil (2020: £3,000).

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 £1,920 (2020: £9,730) was received from the charity. There are no amounts outstanding from the charity at the year end (2020: £nil).

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28. Related party transactions (continued)

Loughborough College

J Maher, a trustee who resigned in the current year, is also CEO of Loughborough College. During the year the charity invoiced the college £10,170 for provision of charitable services. At the balance sheet date the amount due from Loughborough College was £nil.

Federation of Awarding Bodies

P Eeles, CEO, was Chair of the Federation of Awarding Bodies until 8 December 2020. In this period the charity invoiced the organisation £4,619 for provision of charitable services. At the balance sheet date the amount due from the Federation of Awarding Bodies was £nil.

NOTES TO THE FINANCIAL STATEMENTS
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29. Pension commitments

The Group operates a defined benefit pension scheme.

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, 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.

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29. Pension commitments (continued)

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 2021.

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 2021 (year to 31 August 2020 - 45%).

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

	At 31 August 2021	At 31 August 2020
	%	%
Discount rate	1.70	1.60
Future salary increases	3.95	3.65
Future pension increases	2.70	2.40
CPI inflation	2.70	2.40
Pension accounts revaluation rates	2.70	2.40
	<hr/> <hr/>	<hr/> <hr/>
	At 31 August 2021	At 31 August 2020
	Years	Years
Mortality rates (in years)		
- for a male aged 65 now	21.9	21.8
- at 65 for a male aged 45 now	22.6	22.5
- for a female aged 65 now	24.7	24.6
- at 65 for a female aged 45 now	25.8	25.7
	<hr/> <hr/>	<hr/> <hr/>

SKILLS AND EDUCATION GROUP
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NOTES TO THE FINANCIAL STATEMENTS
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29. Pension commitments (continued)

Sensitivity analysis

	At 31 August 2021	At 31 August 2020
	£	£
Discount rate +0.1%	(35,000)	(36,000)
Discount rate -0.1%	35,000	36,000
Mortality assumption - 1 year increase	(99,000)	(97,000)
Mortality assumption - 1 year decrease	96,000	95,000

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

	At 31 August 2021	At 31 August 2020
	£	£
Equities	1,549,000	1,283,000
Government bonds	154,000	160,000
Corporate bonds	85,000	82,000
Property	73,000	71,000
Cash and other liquid assets	42,000	28,000
Other	27,000	25,000
Total fair value of assets	1,930,000	1,649,000

The actual return on scheme assets was £360,000 (2020 - £57,000).

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

	2021	2020
	£	£
Current service cost	10,000	9,000
Interest cost	14,000	14,000
Total amount recognised in the Consolidated statement of financial activities	24,000	23,000

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29. Pension commitments (continued)

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

	2021 £	2020 £
Opening defined benefit obligation	2,556,000	2,533,000
Interest cost	40,000	45,000
Contributions by scheme participants	1,000	1,000
Actuarial losses	18,000	62,000
Benefits paid	(95,000)	(94,000)
Current service cost	10,000	9,000
	<hr/>	<hr/>
<i>Closing defined benefit obligation</i>	2,530,000	2,556,000
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Movements in the fair value of the Group's share of scheme assets were as follows:

	2021 £	2020 £
Opening fair value of scheme assets	1,649,000	1,777,000
Interest income	26,000	31,000
Actuarial gains/(losses)	324,000	(88,000)
Contributions by employer	25,000	22,000
Contributions by scheme participants	1,000	1,000
Benefits paid	(95,000)	(94,000)
	<hr/>	<hr/>
<i>Closing fair value of scheme assets</i>	1,930,000	1,649,000
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30. Operating lease commitments

At 31 August 2021 the Group and the charitable company had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	Group 2021 £	Group 2020 £	Charity 2021 £	Charity 2020 £
Not later than 1 year	-	7,499	-	7,499

The following lease payments and changes in lease payments have been recognised in the statement of financial activities:

	Group 2021 £	Group 2020 £	Charity 2021 £	Charity 2020 £
Operating lease rentals	7,499	-	7,499	-