
SKILLS AND EDUCATION GROUP
(A Company Limited by Guarantee)

TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

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 CHARITY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2022

Trustees	S C Alton J P Beaty G Clipson MBE P A Eeles A Foulkes (resigned 11 October 2022) T Hamilton-Dick V A Hancock A Hardy (appointed 26 April 2022) J Meenaghan Y Y Mellor P W Price-Hazlehurst (appointed 26 April 2022, resigned 18 November 2022) L D Probert S Smith (appointed 26 April 2022, resigned 14 September 2022) A G Stott, Chair L J Tildsley
Company registered number	02640936
Charity registered number	1004087
Registered office	Robins Wood House Robins Wood Road Aspley Nottingham NG8 3NH
Chief Executive Officer	P A Eeles
Company Secretary	S Feneley-Lamb
Independent auditors	Streets Audit LLP Tower House Lucy Tower Street Lincoln LN1 1XW
Bankers	Natwest 536 Valley Road Nottingham NG5 1FL
Solicitors	Browne Jacobson LLP Mowbray House Castle Meadow Road Nottingham NG2 1BJ

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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2022

The Trustees present their annual report together with the audited financial statements of the Charity for the year 1 September 2021 to 31 August 2022. 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) (effective October 2019).

Objectives and activities

a. Policies and objectives

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

- awarding and assessment services and qualification regulated by Ofqual, Qualification Wales and CCEA (Northern Ireland), 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 “Ambition 2025” setting out the strategy and direction of the charity to August 2025. This is supported by annual process which sets out clear strategic targets for in-year achievement. Plans are agreed and monitored by the Board of Trustees.

In setting objectives and planning for activities, the Trustees have given due consideration to general guidance published by the Charity Commission relating to public benefit, including the guidance 'Public benefit: running a charity (PB2)'.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2022

Strategic report

Achievements and performance

a. Main achievements of the Charity

Achievements and performance delivering public benefit

The Charity has a clear focus on improving the lives of individuals by championing education and skills-orientated organisations, providers and learners. The Charity is guided by ethics, professionalism, teamwork and a drive to achieve educational, economic and social advancement for all. The Charity provides funding opportunities, professional development programmes and initiatives in support of teaching, learning, assessment and governance.

Professional Development

The organisation provides high quality services such as professional development, networks and conference all of which aim to help and support the further education and skills sector workforce. The range of services provided is designed to enable the sector, and the staff that work within it, to enhance the lives of young people and adults.

Professional development events were attended by 3,094 participants. The demand for in-house/bespoke events continues, particularly for the successful “Emerging Leaders” course. Peer-support networks remain popular.

After two years away, the Skills and Education Group Conference returned in May 2022. The Group’s first conference since 2019 also marked its 110-year anniversary, with the roots of the charity dating back to 1912. Following two challenging years for the education sector, the conference was a chance for those working in further education to come together and celebrate our successes. Over 250 people attended the event and benefited from keynote speeches, panel discussions, training seminars, and an exhibition. Inspirational keynotes were delivered by recipients of a Foundation grant including from Mamello Atisa, a learner at the member organisation, Fashion Enter, whose studies have been supported by a grant from the Skills and Education Group Foundation. She spoke about how education helped her to find a new sense of purpose and get back on track after redundancy, saying the grant was a “huge vote of confidence” at a time when redundancy left her “wilting” with questions and doubts.

Skills and Education Group Foundation

The Skills and Education Group Foundation champions social mobility and social inclusion within the further education and skills sector. During the year, the Foundation expanded its range of work, continuing and growing its offer of grants to learners and providing financial aid and support in kind to support staff research and project activities. Grant payments are funded through a dedicated fund agreed by Trustees and is based on a share of surplus by the Charity and its subsidiaries.

The Foundation’s Learner Grant helps individuals to overcome social barriers and advance their skills and education, these grants are for applicants who demonstrate a commitment and willingness to achieve. The Learner Grants programme was strongly administered and received, delivering to 50% more students than we anticipated, and supporting learners with course costs, childcare, travel and living expenses, health, and more. Grant applications were motivated by:

- Financial pressures: 48.5% of applicants
- Pursuing job prospects/future qualifications: 44.2% of applicants
- Passion for coursework: 36% of applicants

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FOR THE YEAR ENDED 31 AUGUST 2022

Strategic report (continued)

Achievements and performance (continued)

The Foundation received 344 applications to the Learner Grant Programme, of which 149 were approved and received a total of £83,255 in support. The top three uses for Learner Grants were:

- Travel costs (67.8% of all awarded grants)
- Cost of living (50.3% of all awarded grants)
- Laptops or phones to help with studies (40.3% of all awarded grants)

In March of 2022, we opened Staff Research Grant applications to our member organisations, offering £3,000 to any staff teams that identified a barrier to the development of their learners and proposed a way of working to address it. We were not let down by the range and quality of applications.

The opportunity to carry out staff research projects was so well received by our members, and these projects have provided the beginnings of strong and interesting work that we are extending this year and moving into our continuing professional development calendar.

- £15,000 given to 5 member organisations (£3,000 each)
- 50 weeks of research work funded
- 20 staff members empowered to identify challenges in their organisation or community and develop their own responses
- 93 learners engaged directly for their opinions and ideas on the issues that affect them and their education
- 20+ stakeholder organisations offering insights (i.e. businesses, local government and schools)
- New approaches to improving learning for special educational needs or disability (SEND) students (Bedford College Group)
- An exploration of the challenges and benefits of apprenticeships in rural settings (Buxton & Leek College)
- An accessible collection of resources and training videos to help develop peer-to-peer assessment skills and improve learner engagement in the feedback process (Derby College)
- A new web platform to support learners as they transition from school or NEET (not engaged in education, employment or training) circumstances to college (Doncaster College)
- An online maths course and teaching toolkit that supports learners as they transition from further education to higher education (University Centre Peterborough)

Awarding Services

The Charity's awarding services are delivered through Skills and Education Awards (Awards) and BIIAB Qualifications Limited (BIIAB). Awards is a leading national organisation with a long-established reputation for providing high quality support and services to the education sector. BIIAB is an awarding and End-point Assessment organisation of choice for work-based learning providers, employers and the further education sector with a focus on the hospitality sector.

There were 82,754 qualifications awarded across a portfolio of 268 regulated qualifications for Skills and Education Group and 257 for BIIAB Qualifications Limited. Awards and BIIAB offer 31 End-point assessment standards (EPA) and had 336 registrations during the year. There were 264 EPA achievements (78%). Thirteen new Level 2 and 3 qualifications were developed and launched, all designed to meet employer needs and to provide individuals with the skills, knowledge and confidence to enter the job market.

Skills and Education Group Awards

In the last year, the Awards portfolio continued to expand, developing a range of new qualifications and assessments, particularly in the patisserie and confectionery, animal care, and fashion and textiles fields. In

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Strategic report (continued)

Achievements and performance (continued)

In addition, we developed e-learning to support the delivery of our fabrication and welding qualifications, and introduced XAMS, a new online exams system.

A partnership with the Gangmaster and Labour Abuse Authority (GLAA), Boston College and the University of Nottingham's Rights Lab resulted in the development of a qualification to raise awareness of rights in the workplace. The Level 1 qualification was developed in 2021 and saw considerable success in its first full year (2021/22). As one learner noted "the Level 1 Award in Workers Rights and Labour Exploitation is fantastic. It opened my eyes to what's happening in the world".

Engagement increased with industry groups, building stronger relationships, and fostering more support for customers and the beneficiaries of the charity's services. For example, a strong relationship with organisations within the motor industry has enabled us to maintain occupational competency and gain access to specific knowledge and support, including recruitment of expert subcontractors and specialists, as we support training activities. For example, the Auto Care/Fast Fit sector, employs approximately 1,200 people across 2,000 businesses, the end-point assessment of the Autocare Apprenticeship Standard is designed to fit with employer and sector needs and the commitment to train new staff. A trusted partner of the automotive industry, Skills and Education Group Awards has a strong working relationship with the DVSA, and for the last five years we have provided the management of MOT Tester and Manager qualifications.

During the year, 19,200 qualifications were certificated. An ongoing partnership with Advanced Secure Technologies, and the use of blockchain technology helped protect the integrity of award certifications.

BIIAB Qualifications Limited

An awarding and End-Point Assessment Organisation of choice for work-based learning providers, employers and further education colleges, BIIAB offers regulated qualifications and assessments to advance skills, education and career opportunities in the hospitality, health and social care sectors, and more.

In the last year, the review of the product portfolio continued, extending and developing qualifications as required. This included BIIAB L2A for Personal Licence Holders, new qualifications in health and social care, BIIAB L3D in Adult Care and BIIAB L5D in Leadership and Management for Adult Care. BIIAB now offer a wider range of qualifications and assessments than ever before. To support its customers, a new website was launched in November 2021, making it easier to find information, including opportunities that can be accessed across the wider Skills and Education Group.

Passionate about apprenticeships, BIIAB exhibited at the AELP Conference and Annual Apprenticeship Conference and celebrated National Apprenticeship Week and Hospitality Apprenticeships Week.

In a leadership role, a close relationship with the British Institute of Innkeeping (BII) continued. BIIAB supported events such as the BII People Conference, National Innovation in Training Awards and the BII Winter Event. Opportunities were also provided for individuals to gain BII membership and Professional Licensee status by completing BIIAB licensing qualifications.

Matching recovery in the hospitality sector, license to practice qualifications offered by BIIAB saw a significant increase in learner registrations. 60,518 registrations were made during 2021/22.

Industry engagement and partnership remains a key priority for BIIAB and, in this context, the partnership with the British Institute of Innkeeping (BII) continues. BIIAB has also connected with the other sectors that it supports including health and social care, business support and the education and skills workforce.

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Strategic report (continued)

Achievements and performance (continued)

Investment has been made in a new certificate-printing platform providing digital and the more traditional paper certificate. An exam-proctoring service and e-learning platform were also commissioned.

Skills and Education Group Access

Licensed by the Quality Assurance Agency (QAA) to validate and quality assure Access to HE Diplomas, we provide Diplomas that have been specially developed in partnership with higher education and further education experts to offer students a second chance to obtain the skills needed to go on to study for a degree at university. With new centres, new Diplomas and an increased number of learners taking our Access to HE Diploma, it's a real success. The Access to HE Diploma is a widely recognised Level 3 qualification that provides opportunities for adults to transition to higher education and retrain for a second graduate-entry profession. Delivering locally-devised, flexible courses, the Diploma supports local and national skills needs.

There were 2,848 registrations (2021: 2,497) on diploma programmes and 1,660 diplomas awarded. 75.6% of the learner cohort were female with 40.2% of all learners coming from the 20-24 age group. 33.7% of learners came from an area of disadvantage compared with 26.6% nationwide. The most popular diplomas were Humanities and Social Science. Three new diplomas were developed in clothing and textiles manufacturing, early years and medicine.

Quality Licence Scheme Limited

The Quality Licence Scheme (QLS) helps organisations develop high-quality courses and/or training programmes for the non-regulated market. The courses on QLS are designed to offer training and learning opportunities without using regulated qualifications and can also be used for in-house training and for keeping continuing professional development up to date for qualification memberships.

To participate in QLS, customers have to pass their approval/re-approval audits, which ensure that they comply with the QLS Standard and Guidance and are committed to the quality of their organisation, courses and learners. With a growth in the number of learners accessing online courses, especially during COVID-19 lockdowns, QLS has seen an increase in the number of individuals supported in their educational achievements. In 2021/22 QLS issued 14,982 Certificates of Achievement to individuals completing a course through a QLS endorsed provider.

b. Fundraising activities and income generation

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

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Strategic report (continued)

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.

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 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.

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.

Unrestricted funds at the end of the year were £4,718,391 (2021: £4,038,004) and free reserves which exclude fixed assets and are stated before the defined benefit pension liability are £1,599,344 (2021: £1,550,948). Trustees consider the unrestricted funds to meet the Charity's reserve policy.

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FOR THE YEAR ENDED 31 AUGUST 2022

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 	£Nil - per actuary valuation
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

c. Material investments 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 2022, the portfolio had a value of £366,760 (2021: £397,699).

d. Risk management

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

Key risks to the Charity are:

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

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

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

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FOR THE YEAR ENDED 31 AUGUST 2022

e. 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 £680,387 (2021 £728,062) after an actuarial gain of £669,000 (2021: £306,000 gain) and derecognition of pension asset of £70,000 on a defined benefit pension scheme. The surplus before these adjustments and the adjustment for the foreign exchange loss is £81,895 (2021: £423,335).

Total income was £5,420,785 (2021: £4,060,649). Total expenditure was £5,310,248 (2021: £3,680,728) 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 £2,660,981 (2021: £2,211,045). Salaries and associated costs remain the primary cost to the Charity.

Net assets for the year were £4,718,391 compared with £4,638,004 in 2021.

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 a charitable company limited by guarantee
Company Number 03773914
Charity Number 1088839
- BIIAB Qualifications Limited, a company limited by shares
Company Number 10054831
- Quality Licence 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.

b. Methods of appointment or election of Trustees

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

A Foulkes (resigned 11 October 2022)

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Structure, governance and management (continued)

P W Price-Hazlehurst (appointed 26 April 2022, resigned 18 November 2022)
S Smith (appointed 26 April 2022, resigned 14 September 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. 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, Skills and Education Awards and BIIAB 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 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 Product Development and Delivery, Scott Forbes

The CEO, COO and Director of Product Development and Delivery 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 an extended meeting once a month which focuses on financial performance, compliance and regulation and human resources.

A senior management team (SMT) meets monthly to inform the development and implementation of day-to-day

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Structure, governance and management (continued)

business/operational plans and longer-term strategic plans. The SMT is made-up of the ELT and heads of services/functions from across the Group-wide structure.

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 Charities Commission. Scrutiny Group membership is the ELT, and appropriate heads of service/functions.

d. Policies adopted for the induction and training of Trustees

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

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.

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.

f. Financial risk management

The Trustees have assessed the major risks to which the Group and the Charity are exposed, in particular those related to the operations and finances of the Group and the Charity, and are satisfied that systems and procedures are in place to mitigate exposure to the major risks.

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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 a 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
- Raise awareness of the charities work, through its Foundation, in widening participation and social mobility
- Grow the number of learners benefiting from a certificate form at least one of the charity’s awarding brands
- Grow the collective awarding share
- Ensure that a surplus is generated
- Explore international opportunities
- Ensure good staff engagement and satisfaction

Alongside these, Trustees endorse a focus in 2023 on investing in the charity’s staff and related resources, the development of products and services and in the Foundation and the work that it does.

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TRUSTEES' REPORT (CONTINUED)
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Statement of Trustees' responsibilities

The Trustees (who are also the directors of the Charity for the purposes of company law) are responsible for preparing the Trustees' Report including the Strategic Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year. 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 Charity 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 Charity's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Charity 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 Charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditors

Each of the persons who are Trustees at the time when this Trustees' Report is approved has confirmed that:

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

Approved by order of the members of the board of Trustees on 31 March 2023 and signed on their behalf by:



A G Stott
(Chair of Trustees)

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS 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 2022 which comprise the Consolidated Statement of Financial Activities, the Consolidated Balance Sheet, the Charity 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 2022 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Group 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.

SKILLS AND EDUCATION GROUP
(A Company Limited by Guarantee)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SKILLS AND EDUCATION GROUP
(CONTINUED)

Other information

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Report including the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' Report and the Strategic Report have 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 charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report including the Strategic Report.

We have nothing to report in respect of the following matters in relation to which Companies Act 2006 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 Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

SKILLS AND EDUCATION GROUP
(A Company Limited by Guarantee)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS 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 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.

SKILLS AND EDUCATION GROUP
(A Company Limited by Guarantee)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SKILLS AND EDUCATION GROUP
(CONTINUED)

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience of the company and sector in which it operates;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the Companies Act 2006 and taxation legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance; and
- enquiring of management as to actual and potential litigation and claims.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance.

SKILLS AND EDUCATION GROUP
(A Company Limited by Guarantee)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SKILLS AND EDUCATION GROUP
(CONTINUED)

Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members, as a body, for our audit work, for this report, or for the opinions we have formed.



Robert Anderson BSc FCA (Senior Statutory Auditor)

for and on behalf of
Streets Audit LLP
Tower House
Lucy Tower Street
Lincoln
LN1 1XW

Date: **21 April 2023**

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 2022**

	Note	Unrestricted funds 2022 £	Total funds 2022 £	Total funds 2021 £
Income from:				
Charitable activities	4	3,456,419	3,456,419	3,325,077
Other trading activities	5	1,918,368	1,918,368	657,078
Investments	6	11,203	11,203	10,235
Other income	7	34,795	34,795	68,259
Total income		5,420,785	5,420,785	4,060,649
Expenditure on:				
Raising funds		1,405,189	1,405,189	663,344
Charitable activities	9	3,905,059	3,905,059	3,017,384
Total expenditure		5,310,248	5,310,248	3,680,728
Net income before net (losses)/gains on investments				
		110,537	110,537	379,921
Net (losses)/gains on investments		(28,642)	(28,642)	43,414
Net movement in funds before other recognised gains/(losses)		81,895	81,895	423,335
Other recognised gains/(losses):				
Derecognition of pension asset		(70,000)	(70,000)	-
Actuarial (losses)/gains on defined pension schemes		669,000	669,000	306,000
Foreign exchange losses		(508)	(508)	(1,273)
Net movement in funds		680,387	680,387	728,062
Reconciliation of funds:				
Total funds brought forward		4,038,004	4,038,004	3,309,942
Net movement in funds		680,387	680,387	728,062
Total funds carried forward		4,718,391	4,718,391	4,038,004

The Consolidated Statement of Financial Activities includes all gains and losses recognised in the year.

The notes on pages 25 to 56 form part of these financial statements.

SKILLS AND EDUCATION GROUP
(A Company Limited by Guarantee)
REGISTERED NUMBER: 02640936

CONSOLIDATED BALANCE SHEET
AS AT 31 AUGUST 2022

	Note	2022 £	2021 £
Fixed assets			
Intangible assets	14	1,039,805	950,171
Tangible assets	15	1,712,482	1,739,186
Investments	16	366,760	397,699
		<u>3,119,047</u>	<u>3,087,056</u>
Current assets			
Stocks	17	40,696	39,962
Debtors	18	1,416,522	735,328
Cash at bank and in hand		1,448,829	2,207,585
		<u>2,906,047</u>	<u>2,982,875</u>
Creditors: amounts falling due within one year	19	(942,833)	(973,957)
Net current assets		<u>1,963,214</u>	<u>2,008,918</u>
Total assets less current liabilities		<u>5,082,261</u>	<u>5,095,974</u>
Creditors: amounts falling due after more than one year	20	(363,870)	(457,970)
Net assets excluding pension asset / liability		<u>4,718,391</u>	<u>4,638,004</u>
Defined benefit pension scheme asset / liability	27	-	(600,000)
Total net assets		<u><u>4,718,391</u></u>	<u><u>4,038,004</u></u>

SKILLS AND EDUCATION GROUP
(A Company Limited by Guarantee)
REGISTERED NUMBER: 02640936

CONSOLIDATED BALANCE SHEET (CONTINUED)
AS AT 31 AUGUST 2022

	Note	2022 £	2021 £
Charity funds			
Restricted funds	21	-	-
Unrestricted funds	21	4,718,391	4,038,004
Total funds		<u>4,718,391</u>	<u>4,038,004</u>

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 were approved and authorised for issue by the Trustees on 31 March 2023 and signed on their behalf by:



A G Stott
(Chair of Trustees)

The notes on pages 25 to 56 form part of these financial statements.

SKILLS AND EDUCATION GROUP
(A Company Limited by Guarantee)
REGISTERED NUMBER: 02640936

CHARITY BALANCE SHEET
AS AT 31 AUGUST 2022

	Note	2022 £	2021 £
Fixed assets			
Intangible assets	14	66,987	75,427
Tangible assets	15	1,075,381	1,081,734
Investments	16	1,428,375	1,291,330
		<u>2,570,743</u>	<u>2,448,491</u>
Current assets			
Debtors	18	565,445	660,268
Cash at bank and in hand		125,879	94,547
		<u>691,324</u>	<u>754,815</u>
Creditors: amounts falling due within one year	19	(1,035,271)	(715,698)
Net current liabilities / assets		<u>(343,947)</u>	<u>39,117</u>
Total assets less current liabilities		<u>2,226,796</u>	<u>2,487,608</u>
Creditors: amounts falling due after more than one year	20	(363,870)	(457,970)
Net assets excluding pension asset		<u>1,862,926</u>	<u>2,029,638</u>
Total net assets		<u><u>1,862,926</u></u>	<u><u>2,029,638</u></u>

SKILLS AND EDUCATION GROUP
(A Company Limited by Guarantee)
REGISTERED NUMBER: 02640936

CHARITY BALANCE SHEET (CONTINUED)
AS AT 31 AUGUST 2022

	Note	2022 £	2021 £
Charity funds			
Restricted funds	21	-	-
Unrestricted funds	21	1,862,926	2,029,638
Total funds		1,862,926	2,029,638

The Charity's net movement in funds for the year was £(166,712) (2021 - £109,138).

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 were approved and authorised for issue by the Trustees on 31 March 2023 and signed on their behalf by:



A G Stott
(Chair of Trustees)

The notes on pages 25 to 56 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 2022

	2022 £	2021 £
Cash flows from operating activities		
Net cash used in operating activities	(235,990)	136,574
Cash flows from investing activities		
Dividends, interests and rents from investments	11,203	10,235
Purchase of intangible assets	(74,887)	(147,402)
Purchase of tangible fixed assets	(43,394)	(48,905)
Proceeds from sale of investments	62,842	31,838
Purchase of investments	(228,530)	(32,416)
Purchase of subsidiary	(200,000)	(96,266)
Net cash used in investing activities	(472,766)	(282,916)
Cash flows from financing activities		
Cash inflows from new borrowing	-	50,000
Repayments of borrowing	(50,000)	-
Net cash (used in)/provided by financing activities	(50,000)	50,000
Change in cash and cash equivalents in the year	(758,756)	(96,342)
Cash and cash equivalents at the beginning of the year	2,207,585	2,303,927
Cash and cash equivalents at the end of the year	1,448,829	2,207,585

The notes on pages 25 to 56 form part of these financial statements

SKILLS AND EDUCATION GROUP
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

1. General information

The Charity is a company limited by guarantee, incorporated in England and Wales, and consequently does not have share capital. Its aim is the advancement of the education and training of young people and adults. 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.

The financial statements are prepared in pound sterling which is the functional currency of the entity.

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) (effective 1 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 Consolidated Statement of Financial Activities (SOFA) and Consolidated Balance Sheet consolidate the financial statements of the Charity and its subsidiary undertakings. The results of the subsidiaries are consolidated on a line by line basis.

The Charity 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 Charity 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 2022

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. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

Expenditure on raising funds includes all expenditure incurred by the Group to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

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 Research and development

Development costs are capitalised within intangible assets where they can be identified with a specific product or project anticipated to produce future benefits, and are amortised on the straight line basis over the anticipated life of the benefits arising from the completed product or project.

Deferred research and development costs are reviewed annually, and where future benefits are deemed to have ceased or to be in doubt, the balance of any related research and development is written off to the Consolidated Statement of Financial Activities.

2.6 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.

2.7 Intangible assets and amortisation

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

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

SKILLS AND EDUCATION GROUP
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

2. Accounting policies (continued)

2.7 Intangible assets and amortisation (continued)

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

Amortisation is provided on the following bases:

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

2.8 Tangible fixed assets and depreciation

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

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

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

Depreciation is provided on the following bases:

Property	-	1-15% straight line
Fixtures and fittings	-	10-25% straight line
Office equipment	-	20-33% straight line
Computer equipment	-	20-33% straight line
Other fixed assets	-	5-10% straight line

2.9 Investments

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

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

2.10 Stocks

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

SKILLS AND EDUCATION GROUP
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

2. Accounting policies (continued)

2.11 Debtors

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

2.12 Cash at bank and in hand

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

2.13 Liabilities and provisions

Liabilities 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 Charity 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. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised in the Consolidated Statement of Financial Activities as a finance cost.

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 Pensions

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

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

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

SKILLS AND EDUCATION GROUP
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

2. Accounting policies (continued)

2.16 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.

Investment income, gains and losses are allocated to the appropriate fund.

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 Charity 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 2022 £	Total funds 2022 £	<i>Total funds 2021 £</i>
Learner recognition	2,694,419	2,694,419	2,677,030
Access to HE	333,308	333,308	356,207
Project, membership and CPD	428,692	428,692	291,840
Total 2022	<u>3,456,419</u>	<u>3,456,419</u>	<u>3,325,077</u>
<i>Total 2021</i>	<u>3,325,077</u>	<u>3,325,077</u>	

SKILLS AND EDUCATION GROUP
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

5. Income from other trading activities

Income from non charitable trading activities

	Unrestricted funds 2022 £	Total funds 2022 £	<i>Total funds 2021 £</i>
Income from trading subsidiaries	1,918,368	1,918,368	657,078
<i>Total 2021</i>	<u>657,078</u>	<u>657,078</u>	

Room hire income of £18,326 in the prior year has been reclassified to other income for consistency of presentation.

6. Investment income

	Unrestricted funds 2022 £	Total funds 2022 £	<i>Total funds 2021 £</i>
Dividends receivable from listed investments	10,682	10,682	10,055
Interest Receivable	521	521	180
Total 2022	<u>11,203</u>	<u>11,203</u>	<u>10,235</u>
<i>Total 2021</i>	<u>10,235</u>	<u>10,235</u>	

SKILLS AND EDUCATION GROUP
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

7. Other incoming resources

	Unrestricted funds 2022 £	Total funds 2022 £	<i>Total funds 2021 £</i>
Lettings, admin fees and other income	34,795	34,795	29,697
CJRS Income	-	-	38,562
Total 2022	<u>34,795</u>	<u>34,795</u>	<u>68,259</u>
<i>Total 2021</i>	<u>68,259</u>	<u>68,259</u>	

Room hire income of £18,326 in the prior year has been reclassified to other income for consistency of presentation.

8. Expenditure on raising funds

	2022 £	<i>2021 £</i>
Cost of sales - BIIAB	326,997	151,054
Cost of sales - QLS	2,416	-
Administration expenses - BIIAB	308,500	512,106
Administration expenses - QLS	21,279	-
Depreciation - BIIAB	406	184
Salary recharges - BIIAB	687,567	-
Salary recharges - QLS	58,024	-
	<u>1,405,189</u>	<u>663,344</u>

SKILLS AND EDUCATION GROUP
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

9. Analysis of expenditure on charitable activities

Summary by fund type

	Unrestricted funds 2022 £	Total 2022 £	<i>Total 2021 £</i>
Learner recognition	2,575,331	2,575,331	1,618,151
Access to HE	396,649	396,649	247,474
Project, membership and CPD	933,079	933,079	1,151,759
Total 2022	<u>3,905,059</u>	<u>3,905,059</u>	<u>3,017,384</u>
<i>Total 2021</i>	<u>3,017,384</u>	<u>3,017,384</u>	

10. Analysis of expenditure by activities

	Activities undertaken directly 2022 £	Support costs 2022 £	Total funds 2022 £	<i>Total funds 2021 £</i>
Learner recognition	917,507	1,657,824	2,575,331	1,618,151
Access to HE	210,068	186,581	396,649	247,474
Project, membership and CPD	271,347	661,732	933,079	1,151,759
Total 2022	<u>1,398,922</u>	<u>2,506,137</u>	<u>3,905,059</u>	<u>3,017,384</u>
<i>Total 2021</i>	<u>1,097,752</u>	<u>1,919,632</u>	<u>3,017,384</u>	

SKILLS AND EDUCATION GROUP
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NOTES TO THE FINANCIAL STATEMENTS
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10. Analysis of expenditure by activities (continued)

Analysis of direct costs

	Learner recognition 2022 £	Access to HE 2022 £	Project, membershi p and CPD 2022 £	Total funds 2022 £	<i>Total funds 2021 £</i>
Staff costs	588,207	130,797	60,465	779,469	654,623
Moderator and examiner costs	207,290	51,690	-	258,980	169,492
Centre costs	14,247	-	-	14,247	21,614
CPD and project expenses	-	-	210,882	210,882	146,906
Certificates	9,508	-	-	9,508	42,995
QAA registration	-	27,581	-	27,581	21,578
Finance charges	-	-	-	-	7,759
Foundation activities	98,255	-	-	98,255	32,785
Total 2022	<u>917,507</u>	<u>210,068</u>	<u>271,347</u>	<u>1,398,922</u>	<u>1,097,752</u>
<i>Total 2021</i>	<u>337,430</u>	<u>76,650</u>	<u>650,887</u>	<u>1,097,752</u>	

SKILLS AND EDUCATION GROUP
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NOTES TO THE FINANCIAL STATEMENTS
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10. Analysis of expenditure by activities (continued)

Analysis of support costs

	Learner recognition 2022 £	Access to HE 2022 £	Project, membershi p and CPD 2022 £	Total funds 2022 £	Total funds 2021 £
Staff costs	875,505	117,278	90,697	1,083,480	1,079,922
Depreciation	164,702	25,076	24,333	214,111	81,731
Bad debt	25,184	-	-	25,184	159
Other staff costs	113,711	666	110,638	225,015	100,748
Qualification development	34,619	-	-	34,619	33,071
Administration	74,618	4,756	29,002	108,376	75,883
Communications and marketing	4,356	-	118,352	122,708	31,753
Donations	495	-	43,640	44,135	32,035
Premises	61,418	16,641	31,090	109,149	95,863
ICT costs	201,598	5,669	57,098	264,365	183,438
Professional fees	43,053	7,337	44,079	94,469	82,020
Bank charges	3,602	403	8,245	12,250	9,814
Irrecoverable VAT	40,553	3,285	93,257	137,095	54,232
Governance costs	14,410	5,470	11,301	31,181	58,963
Total 2022	<u>1,657,824</u>	<u>186,581</u>	<u>661,732</u>	<u>2,506,137</u>	<u>1,919,632</u>
<i>Total 2021</i>	<u>1,280,721</u>	<u>170,824</u>	<u>500,872</u>	<u>1,919,632</u>	

11. Auditors' remuneration

	2022 £	2021 £
Fees payable to the Charity's auditor for the audit of the Charity's annual accounts	24,000	30,830
Fees payable to the Charity's auditor in respect of: All non-audit services not included above	-	420

SKILLS AND EDUCATION GROUP
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

12. Staff costs

	Group - 2022	<i>Group - 2021</i>
	£	£
Wages and salaries costs	2,218,349	1,820,217
Social security costs	229,599	166,475
Pension costs	213,033	224,353
	2,660,981	<i>2,211,045</i>
	2,660,981	<i>2,211,045</i>

During the year a total of £2,506 (2021: £2,506) was paid in respect of contractual termination payments. This amount is an ongoing annual cost to the parent charitable company in perpetuity until the death of individual's 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 £23,600 (2021: £9,600) in the year.

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

	Group - 2022	<i>Group - 2021</i>
	£	£
Charitable activities	40	24
Administration	12	12
Management	13	13
	65	<i>49</i>
	65	<i>49</i>

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

	2022	<i>2021</i>
	£	£
In the band £60,001 - £70,000	2	2
In the band £70,001 - £80,000	1	1
In the band £120,001 - £130,000	-	1
In the band £140,001 - £150,000	1	-
	4	<i>4</i>
	4	<i>4</i>

The total remuneration and benefits received by key management personnel was £449,104 (2021: £419,484). The trustees consider the key management personnel to be the Chief Executive Officer, Chief Operating Officer, Director of Member Services and Communications and the Director of Awarding Services.

SKILLS AND EDUCATION GROUP
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

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 Charity for their role as CEO. The value of Trustees' remuneration and other benefits was as follows:

		2022	<i>2021</i>
		£	£
P A Eeles	Remuneration	143,367	<i>121,884</i>
	Pension contributions paid	25,908	<i>26,401</i>

During the year, retirement benefits were accruing to 1 Trustees (*2021 - 1*) in respect of defined benefit pension schemes.

During the year ended 31 August 2022, travel and accomodation expenses totalling £2,598 were reimbursed or paid directly to 7 Trustees of the charitable group (*2021 - £280 to 2 Trustees*).

Included in the above were travel expenses reimbursed to 5 trustees of the parent charitable company totalling £2,151 (*2021: £280 to 2 Trustees*).

SKILLS AND EDUCATION GROUP
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

14. Intangible assets

Group

	Develop- ment £	Bespoke software £	Website £	Goodwill £	Total £
Cost					
At 1 September 2021	60,576	21,541	285,717	754,236	1,122,070
Additions	40,888	5,054	28,945	167,984	242,871
At 31 August 2022	<u>101,464</u>	<u>26,595</u>	<u>314,662</u>	<u>922,220</u>	<u>1,364,941</u>
Amortisation					
At 1 September 2021	-	414	133,773	37,712	171,899
Charge for the year	4,779	3,870	69,164	75,424	153,237
At 31 August 2022	<u>4,779</u>	<u>4,284</u>	<u>202,937</u>	<u>113,136</u>	<u>325,136</u>
Net book value					
At 31 August 2022	<u>96,685</u>	<u>22,311</u>	<u>111,725</u>	<u>809,084</u>	<u>1,039,805</u>
At 31 August 2021	<u>60,576</u>	<u>21,127</u>	<u>151,944</u>	<u>716,524</u>	<u>950,171</u>

SKILLS AND EDUCATION GROUP
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14. Intangible assets (continued)

Charity

	Bespoke software £	Website £	Total £
Cost			
At 1 September 2021	-	127,562	127,562
Additions	3,570	14,200	17,770
At 31 August 2022	<u>3,570</u>	<u>141,762</u>	<u>145,332</u>
Amortisation			
At 1 September 2021	-	52,135	52,135
Charge for the year	-	26,210	26,210
At 31 August 2022	<u>-</u>	<u>78,345</u>	<u>78,345</u>
Net book value			
At 31 August 2022	<u>3,570</u>	<u>63,417</u>	<u>66,987</u>
At 31 August 2021	<u>-</u>	<u>75,427</u>	<u>75,427</u>

SKILLS AND EDUCATION GROUP
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

15. Tangible fixed assets

Group

	Property £	Fixtures and fittings £	Office equipment £	Computer equipment £	Prefab'd building £	Total £
Cost or valuation						
At 1 September 2021	2,596,200	247,012	1,623	241,295	15,482	3,101,612
Additions	-	8,862	-	34,531	-	43,393
At 31 August 2022	<u>2,596,200</u>	<u>255,874</u>	<u>1,623</u>	<u>275,826</u>	<u>15,482</u>	<u>3,145,005</u>
Depreciation						
At 1 September 2021	972,538	210,200	184	164,022	15,482	1,362,426
Charge for the year	35,553	3,720	572	30,252	-	70,097
At 31 August 2022	<u>1,008,091</u>	<u>213,920</u>	<u>756</u>	<u>194,274</u>	<u>15,482</u>	<u>1,432,523</u>
Net book value						
At 31 August 2022	<u><u>1,588,109</u></u>	<u><u>41,954</u></u>	<u><u>867</u></u>	<u><u>81,552</u></u>	<u><u>-</u></u>	<u><u>1,712,482</u></u>
<i>At 31 August 2021</i>	<u><u>1,623,662</u></u>	<u><u>36,812</u></u>	<u><u>1,439</u></u>	<u><u>77,273</u></u>	<u><u>-</u></u>	<u><u>1,739,186</u></u>

SKILLS AND EDUCATION GROUP
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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 £	Prefab'd building £	Total £
Cost or valuation					
At 1 September 2021	1,270,284	216,636	167,037	15,482	1,669,439
Additions	-	8,862	34,531	-	43,393
At 31 August 2022	<u>1,270,284</u>	<u>225,498</u>	<u>201,568</u>	<u>15,482</u>	<u>1,712,832</u>
Depreciation					
At 1 September 2021	286,875	180,249	105,099	15,482	587,705
Charge for the year	19,080	3,664	27,002	-	49,746
At 31 August 2022	<u>305,955</u>	<u>183,913</u>	<u>132,101</u>	<u>15,482</u>	<u>637,451</u>
Net book value					
At 31 August 2022	<u>964,329</u>	<u>41,585</u>	<u>69,467</u>	<u>-</u>	<u>1,075,381</u>
At 31 August 2021	<u>983,409</u>	<u>36,387</u>	<u>61,938</u>	<u>-</u>	<u>1,081,734</u>

SKILLS AND EDUCATION GROUP
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15. Tangible fixed assets (continued)

Group

Property fixed assets consist of freehold property with a net book value of £964,329 (2021: £983,409) and long-term leasehold property with a net book value of £623,780 (2021: £640,253).

16. Fixed asset investments

Group	Listed investments £
Cost or valuation	
At 1 September 2021	397,699
Additions	60,546
Disposals	(62,842)
Revaluations	(28,643)
At 31 August 2022	366,760
Net book value	
At 31 August 2022	366,760
<i>At 31 August 2021</i>	397,699

SKILLS AND EDUCATION GROUP
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NOTES TO THE FINANCIAL STATEMENTS
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16. Fixed asset investments (continued)

Charity	Investments in subsidiary companies £	Listed investments £	Total £
Cost or valuation			
At 1 September 2021	893,631	397,699	1,291,330
Additions	167,984	60,546	228,530
Disposals	-	(62,842)	(62,842)
Revaluations	-	(28,643)	(28,643)
At 31 August 2022	<u>1,061,615</u>	<u>366,760</u>	<u>1,428,375</u>
Net book value			
At 31 August 2022	<u>1,061,615</u>	<u>366,760</u>	<u>1,428,375</u>
<i>At 31 August 2021</i>	<u>893,631</u>	<u>397,699</u>	<u>1,291,330</u>

Fixed asset investment additions relate to additional costs arising from the acquisition of BIIAB Qualifications Limited.

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

Principal subsidiaries

The following were subsidiary undertakings of the Charity:

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 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	10051052	N/A	Robins Wood House, Robins Wood Road, Aspley, Nottingham, NG8 3NH	Advancement of primary and secondary education	100%

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

The financial results of the subsidiaries for the year were:

Names	Income £	Expenditure £	Profit/(Loss) / Surplus/ (Deficit) for the year £	Net assets £
Skills and Education Group Awards	1,900,760	1,874,755	26,005	1,696,579
Skills and Education Access	971,428	430,541	540,887	920,605
BIIAB Qualifications Limited	1,697,151	1,473,912	223,239	358,420
Quality Licence Scheme Limited	221,217	88,825	132,392	132,392

SKILLS AND EDUCATION GROUP
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17. Stocks

	Group 2022	<i>Group 2021</i>
	£	£
Finished goods and goods for resale	40,696	39,962

18. Debtors

	Group 2022	<i>Group 2021</i>	Charity 2022	<i>Charity 2021</i>
	£	£	£	£
Due within one year				
Trade debtors	1,070,699	495,752	70,207	44,584
Amounts owed by group undertakings	-	-	368,202	562,812
Other debtors	2,154	2,527	-	-
Called up share capital not paid	2	2	-	-
Prepayments and accrued income	343,667	237,047	127,036	52,872
	1,416,522	735,328	565,445	660,268

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19. Creditors: Amounts falling due within one year

	Group 2022 £	<i>Group 2021 £</i>	Charity 2022 £	<i>Charity 2021 £</i>
Other loans	-	50,000	-	50,000
Trade creditors	212,127	129,800	54,316	47,635
Amounts owed to group undertakings	-	-	429,188	-
Other taxation and social security	139,699	98,469	62,937	53,683
Other creditors	269,303	201,069	262,803	195,369
Accruals and deferred income	321,704	494,619	226,027	369,011
	942,833	973,957	1,035,271	715,698
	Group 2022 £	<i>Group 2021 £</i>	Charity 2022 £	<i>Charity 2021 £</i>
Deferred income at 1 September 2021	255,974	243,593	219,484	218,218
Resources deferred during the year	75,388	255,974	46,580	219,484
Amounts released from previous periods	(255,974)	(243,593)	(219,484)	(218,218)
	75,388	255,974	46,580	219,484

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 2022 £	<i>Group 2021 £</i>	Charity 2022 £	<i>Charity 2021 £</i>
Other creditors	363,870	457,970	363,870	457,970

SKILLS AND EDUCATION GROUP
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NOTES TO THE FINANCIAL STATEMENTS
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21. Statement of funds

Statement of funds - current year

	Balance at 1 September 2021 £	Income £	Expenditure £	Gains/ (Losses) £	Balance at 31 August 2022 £
Unrestricted funds					
General funds - charitable company	1,991,927	1,229,229	(1,442,215)	(29,150)	1,749,791
Skills and Education Group Awards - post acquisition reserves	1,634,913	1,900,760	(1,874,755)	-	1,660,918
Skills and Education Group Access	979,718	372,428	(431,541)	-	920,605
BIIAB Qualifications Limited - post acquisition reserves	31,446	1,697,151	(1,473,912)	-	254,685
Skills and Education Group Access - designated pension reserve	(600,000)	(70,000)	1,000	669,000	-
Quality Licence Scheme Limited	-	221,217	(88,825)	-	132,392
	<u>4,038,004</u>	<u>5,350,785</u>	<u>(5,310,248)</u>	<u>639,850</u>	<u>4,718,391</u>

SKILLS AND EDUCATION GROUP
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NOTES TO THE FINANCIAL STATEMENTS
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21. Statement of funds (continued)

Statement of funds - prior year

	<i>Balance at 1 September 2020 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Gains/ (Losses) £</i>	<i>Balance at 31 August 2021 £</i>
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 Limited - post acquisition reserves	-	657,078	(625,632)	-	31,446
Skills and Education Group Access - designated pension reserve	(907,000)	-	1,000	306,000	(600,000)
	<u>3,309,942</u>	<u>4,060,649</u>	<u>(3,680,728)</u>	<u>348,141</u>	<u>4,038,004</u>

22. Summary of funds

Summary of funds - current year

	Balance at 1 September 2021 £	Income £	Expenditure £	Gains/ (Losses) £	Balance at 31 August 2022 £
General funds	<u>4,038,004</u>	<u>5,350,785</u>	<u>(5,310,248)</u>	<u>639,850</u>	<u>4,718,391</u>

Summary of funds - prior year

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

SKILLS AND EDUCATION GROUP
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NOTES TO THE FINANCIAL STATEMENTS
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23. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2022 £	Total funds 2022 £
Tangible fixed assets	1,712,482	1,712,482
Intangible fixed assets	1,039,805	1,039,805
Fixed asset investments	366,760	366,760
Current assets	2,906,047	2,906,047
Creditors due within one year	(942,833)	(942,833)
Creditors due in more than one year	(363,870)	(363,870)
Total	4,718,391	4,718,391

Analysis of net assets between funds - prior year

	<i>Unrestricted funds 2021 £</i>	<i>Restricted funds 2021 £</i>	<i>Total funds 2021 £</i>
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)
Provisions for liabilities and charges	(600,000)	-	(600,000)
Total	4,038,004	-	4,038,004

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

	Group 2022 £	<i>Group 2021 £</i>
Net income for the year (as per Statement of Financial Activities)	81,895	423,335
Adjustments for:		
Depreciation charges	70,097	62,292
Amortisation charges	153,237	74,872
Gains/(losses) on investments	28,643	(43,414)
Dividends, interests and rents from investments	(11,203)	(10,235)
Increase in stocks	(734)	(15,782)
Increase in debtors	(681,194)	(439,170)
Increase in creditors	124,777	86,949
Defined benefit pension scheme FRS102 costs	(1,000)	(1,000)
Gains/(losses) on foreign exchange	(508)	(1,273)
Net cash provided by/(used in) operating activities	(235,990)	136,574

25. Analysis of cash and cash equivalents

	Group 2022 £	<i>Group 2021 £</i>
Cash in hand	1,448,829	2,207,585
Total cash and cash equivalents	1,448,829	2,207,585

SKILLS AND EDUCATION GROUP
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NOTES TO THE FINANCIAL STATEMENTS
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26. Analysis of changes in net debt

	At 1 September 2021	Cash flows	At 31 August 2022
	£	£	£
Cash at bank and in hand	2,207,585	(758,756)	1,448,829
Debt due within 1 year	(50,000)	50,000	-
	<u>2,157,585</u>	<u>(708,756)</u>	<u>1,448,829</u>

27. 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 Teacher's 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 full-time teachers in academies. 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.

Valuation of the Teachers' Pension Scheme

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

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27. Pension commitments (continued)

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 (<https://www.teacherspensions.co.uk/news/employers/2019/04/teachers-pensions-valuation-report.aspx>).

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

West Yorkshire Pension Fund

The charity participates in the West Yorkshire 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 2022.

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 2022 (year to 31 August 2022 - 45%).

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

	2022	<i>2021</i>
	%	%
Key assumptions		
Discount rate	4	2
Future salary increases	4	4
Future pension increases	3	3
CPI inflation	3	3
Pension accounts revaluation amounts	3	3
	<u> </u>	<u> </u>
	2022	<i>2021</i>
	Years	Years
Mortality rate (in years)		
Males retiring today	22	22
Males retiring in 20 years	23	23
Females retiring today	25	25
Females retiring in 20 years	26	26
	<u> </u>	<u> </u>

SKILLS AND EDUCATION GROUP
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	2022 £	2021 £
Sensitivity analysis		
Discount rate + 0.1%	(25,000)	<i>(35,000)</i>
Discount rate - 0.1%	25,000	<i>35,000</i>
Mortality assumption - 1 year increase	(51,000)	<i>(99,000)</i>
Mortality assumption - 1 year decrease	51,000	<i>96,000</i>
	51,000	<i>96,000</i>

The pension scheme surplus/deficit is based on the actuarial assumptions used as at the 31 August 2022. These can and do change after the year end. The above sensitivity analysis shows how the position stated can change significantly based on changes to the actuarial assumptions. A change in the markets is likely to result in an increased pension scheme deficit by the next year end. Post year end valuations could be obtained to provide an indication, however it is considered that the cost would outweigh the benefit to the users of the accounts, and would not be value for money.

	2022 £	2021 £
Asset allocation		
Equities	1,472,000	<i>1,549,000</i>
Property	72,000	<i>73,000</i>
Government bonds	118,000	<i>154,000</i>
Corporate bonds	79,000	<i>85,000</i>
Cash and other liquid assets	74,000	<i>42,000</i>
Other	28,000	<i>27,000</i>
	1,843,000	<i>1,930,000</i>

The actual return on scheme assets was £32,000 (2021 - £350,000).

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

	2022 £	2021 £
Total amount recognised in the Statement of financial activities		
Current service cost	10,000	<i>10,000</i>
Interest cost	10,000	<i>14,000</i>
Derecognise pension surplus	70,000	<i>-</i>
	90,000	<i>24,000</i>

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At 31 August 2022, the present value of the defined benefit obligation at the reporting date was valued at less than the fair value of plan assets and therefore the plan has a surplus. In accordance with FRS 102, an entity shall recognise a plan surplus as a defined benefit plan asset only to the extent that it is able to recover the surplus either through reduced contributions in the future or through refunds from the plan. On the basis that the separate triennial valuation is used to calculate future contribution rates on a different valuation basis, there is no realistic expectation that the surplus will be realised or will provide future economic benefit to the trust. As a result the pension asset has not been recognised in the balance sheet of the financial statements. The asset and liability movements as included in the FRS 102 valuation report has been disclosed below for transparency.

	2022	<i>2021</i>
	£	£
Changes to the defined benefit obligation		
Opening defined benefit obligation	2,530,000	<i>2,556,000</i>
Interest cost	42,000	<i>40,000</i>
Contributions by scheme participants	1,000	<i>1,000</i>
Actuarial losses	-	<i>18,000</i>
Benefits paid	(141,000)	<i>(95,000)</i>
Current service cost	10,000	<i>10,000</i>
	2,442,000	<i>2,530,000</i>
	2022	<i>2021</i>
	£	£
Changes to the fair value of assets		
Opening fair value of scheme assets	1,930,000	<i>1,649,000</i>
Interest income	32,000	<i>26,000</i>
Actuarial gains/(losses)	669,000	<i>324,000</i>
Contributions by employer	21,000	<i>25,000</i>
Contributions by scheme participants	1,000	<i>1,000</i>
Benefits paid	(141,000)	<i>(95,000)</i>
	2,512,000	<i>1,930,000</i>
	2022	<i>2021</i>
	£	£

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28. Operating lease commitments

The Group and the Charity had no commitments under non-cancellable operating leases at 31 August 2022.

29. Related party transactions

Skills and Education Group Awards

During the year the charity recharged wages and other costs to its subsidiary, totalling £1,365,352 (2021: £1,150,712) and received payments from this entity totalling £1,854,778 (2021: £1,106,868). At the year end an amount of £429,188 (2021: 60,238 owed by) was owed to Skills and Education Group Awards.

Skills and Education Group Access

During the year the charity recharged wages and other costs to its subsidiary, totalling £205,122 (2021: £160,644) and received payments from this entity totalling £201,006 (2021: £160,577). At the year end an amount of £4,185 (2021: 69) was owed from Skills and Education Group Access.

BIIAB Qualifications Limited

During the year the charity recharged wages and other costs to its subsidiary, totalling £838,009 (2021: £208,477) and received payments from this entity totalling £1,028,488 (2021: £Nil). At the year end an amount of £323,130 (2021: £513,609) was owed by BIIAB Qualifications Limited.

Quality Licence Scheme Limited

During the year the charity recharged wages and other costs to its subsidiary, totalling £65,130 (2021: £Nil) and received payments from this entity totalling £24,243 (2021: £Nil). At the year end an amount of £40,887 (2021: £Nil) was owed by Quality Licence Scheme Limited.

Leicester College

V Hancock, a trustee, is also CEO and Principal of Leicester College. During the year income of £12,100 (2021: £12,920) was received from the College for the provision of charitable services. With amounts outstanding at the year end of £9,100 (2021: £2,648).

York College

L Probert, a trustee, is also CEO and Principal of York College. During the year income of £6,000 (2021: £3,000) was received from the College for the provision of charitable services. With amounts outstanding at the year end of £3,000 (2021: £Nil).

Nottingham College

J Meenaghan, a trustee, was appointed CEO and Principal of Nottingham College in the year. During the year income of £12,055 was received from the College for the provision of charitable services. There are no amounts outstanding at the year end.

Buxton and Leek College

J Tildsley, a trustee, is also a Principal of Buxton and Leek College. During the year income of £960 (2021: £3,030) was received from the College for the provision of charitable services. There are no amounts outstanding at the year end (2021: £Nil).

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29. Related party transactions (continued)

Sheffield College

A Foulkes, a trustee until their resignation on 11 October 2021, is Principal of Sheffield College. During the period up to their resignation income of £6,000 (2021: £54,320) was received from the College for the provision of charitable services. With amounts outstanding at the year end of £3,000 (2021: £Nil).

Northern College for Residential Adult Education

Y Y Mellor is also a trustee of North College for Residential Adult Education. During the year income of £1,920 (2021: 1,920) was received from the charity for the provision of charitable services. There are no amounts outstanding at the year end (2021: £ Nil).

TEC Partnership - Grimsby Institute

A Hardy, a trustee, is also CEO of the TEC Partnership. During the year income of £5,170 was received from TEC for the provision of charitable services. There are no amounts outstanding at the year end.

Burton and South Derbyshire College

J Beaty, a trustee, is also a Principal of Burton and South Derbyshire College. During the year income of £1,340 (2021: £Nil) was received from the College for the provision of charitable services. There are no amounts outstanding at the year end (2021: £Nil).

Helena Kennedy Foundation

P Eeles, trustee and CEO, is also a trustee of the Helena Kennedy Foundation. During the year expenditure of £6,000 (2021: £Nil) was paid to the Foundation for sponsorship of bursaries. There are no amounts outstanding at the year end (2021: £ Nil).

FSB Partnership Ltd

A Stott, chair of trustees, received an amount £30,000 from the charity during the year, invoiced through his company, FSB Partnership Ltd. This relates to services provided to the charity from April 2020 – March 2022 by A Stott, over and above the role that a trustee would undertake. The payment was made in accordance with s185 of the Charities Act 2011 and approved by the Charity Commission on 28 January 2022.