

**WINE AND SPIRIT EDUCATION TRUST**  
**(Company limited by guarantee)**

**REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**31 JULY 2021**

Company Number: 00964179  
Charity Number: 313766

**WINE AND SPIRIT EDUCATION TRUST**  
**(Company limited by guarantee)**

**REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 JULY 2021**

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<b>CONTENTS</b>	<b>Page</b>
Reference and Administration Details	1
Trustees' Report	2 - 7
Independent Auditors' Report	8 - 10
Statement of Financial Activities	11
Consolidated Balance Sheet	12
Charity Balance Sheet	13
Statement of Cash Flows	14-15
Notes to the Financial Statements	16 - 31

**WINE AND SPIRIT EDUCATION TRUST**  
(Company limited by guarantee)

**REFERENCE AND ADMINISTRATION DETAILS**

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**DIRECTORS AND TRUSTEES**

S McMurtrie (Chairman)  
T Christensen  
A Gibbons  
S McCraith  
R Connor  
D Jago  
M Turner  
J Locke

**Chief Executive**

I M Harris

**Registered Office**

International House  
39-45 Bermondsey Street London SE1 3XF

**Company Number**

00964179

**Charity Number**

313766

**PROFESSIONAL ADVISORS TO THE TRUST**

**Auditors**

haysmacintyre, 10 Queen Street Place, London, EC4R 1AG

**Solicitors**

Lee Bolton Monier-Williams, 1 The Sanctuary, Westminster, London SW1P 3JT

**Bankers**

National Westminster Bank Plc, 2 Eastcheap, London EC3

**Insurance Brokers**

Gallagher, Portmore House, Yeoman Park, Test Lane, Southampton SO16 9JX

**WINE AND SPIRIT EDUCATION TRUST**  
(Company limited by guarantee)

**TRUSTEES' REPORT**

**FOR THE YEAR ENDED 31 JULY 2021**

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The trustees of the Wine and Spirit Education Trust ("WSET") are pleased to present their annual report together with the financial statements for the year ended 31 July 2021.

**STRUCTURE, GOVERNANCE AND MANAGEMENT**

**Constitution**

Wine and Spirit Education Trust is a company limited by guarantee governed by its Memorandum and Articles of Association dated 12th September 1969 and amended to allow for changes in Companies Acts on 29<sup>th</sup> May 2002 and again on 9<sup>th</sup> March 2011. It is registered as a charity with the Charity Commission. There are currently 8 members each of whom agree to contribute £1 in the event of the charity winding up.

**Appointment of Trustees**

Each Trustee is elected to serve a term of four years. At the end of the term, Trustees can vote to extend the term by a year, on no more than two occasions, which means that the maximum term a member can serve before standing down is six years. The Chairman of the Board of Trustees may serve an additional year (i.e. a maximum term of seven years). The Trustees are appointed as representatives of four industry bodies: three Trustees are appointed from members of the Vintners' Company, three from the members of the Wine and Spirit Trade Association, one from members of the Worshipful Company of Distillers and one from the Institute of Masters of Wine. Nominations for Trustees are sought from these bodies, as each of their representative Trustees retire, with regard to providing valuable service to the Trust through their individual skills, experience and standing in the community.

**THE AIMS OF THE WINE AND SPIRIT EDUCATION TRUST**

Extract from the Memorandum and Articles of Association, adopted 9<sup>th</sup> March 2011:

"The primary objects for which the Trust is established are the promotion, provision and development of high quality education and training in wines and spirits, in the United Kingdom and elsewhere, directed at those who are engaged in or connected with the wine and spirit trade or who intend to be so engaged or connected, plus members of the general public". This includes the provision of education in social responsibility.

The Trust aims to provide first-class educational programmes, with a suite of sought-after examinations, leading to qualifications which fall within the UK Qualifications Framework.

The Trustees confirm that they have complied with the duty in section 4 of the Charities Act 2006 to have due regard to the public benefit guidance published by the Charity Commission in determining the activities undertaken by the charity.

In particular the Trustees were very pleased to review the activities that highlight the public benefit of the charity and create open access to the activities of the charity, creating courses which are open to all who wish to extend their education. There was clear evidence of an increase in the standard and knowledge within the industry which creates an enhanced service to the public, and the use of grants and bursaries helped to fund education for those who would otherwise be unable to benefit. Specific examples include work with the Royal London Society for Blind people and the Restart charity.

**DIRECTORS AND TRUSTEES**

The Directors of the charitable company ("the Trust") are its Trustees for the purposes of charity law and throughout this report are collectively referred to as the Trustees. The Trustees who served during the year are shown on page 1.

**Trustee Induction and Training**

New Trustees undergo an orientation day to brief them on their legal obligations under charity and company law, the content of the Memorandum and Articles of Association, the committee and decision-making processes, the business plan and recent financial performance of the charity. During the induction day they meet key employees and other Trustees. Trustees are encouraged to attend appropriate external training events where these will facilitate the undertaking of their role.

**WINE AND SPIRIT EDUCATION TRUST**  
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**TRUSTEES' REPORT**

**FOR THE YEAR ENDED 31 JULY 2021**

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**Organisation**

The Board of Trustees, which currently has 8 members, administers the charity. The board meets quarterly and there is a sub-committee covering finance issues which also meets as required. A Chief Executive is appointed by the Trustees to manage the day-to-day operations of the charity. To facilitate effective operations, the Chief Executive has delegated authority, within terms of delegation approved by the Trustees, for operational matters including finance and employment.

The Trustees give their time freely, and no remuneration is paid, with the exception of out of-pocket travel expenses. The Trustees have also confirmed that no person connected to a Trustee has received a Bursary Grant or a Scholarship in the past 12 months.

The remuneration policy for the key management positions within the charity is set by the Trustees on an annual basis and performance is monitored through the annual appraisal system which measures achievement against the Chief Executive's and each senior manager's personal business objectives.

**Subsidiary charities**

On 21<sup>st</sup> of October 2015, WSET Asia-Pacific was incorporated in Hong Kong. The principal aims of this subsidiary charity are to support the growing market in Asia. It is 100% owned by the Wine and Spirit Education Trust.

On 17<sup>th</sup> of October 2017, Wine and Spirit Education Trust America Inc. was incorporated in New York. The principal aims of this subsidiary charity are to support the growing market in America. It is 100% owned by the Wine and Spirit Education Trust.

**STRATEGIC REPORT**

**ACTIVITIES, ACHIEVEMENTS AND PERFORMANCE**

In the academic year 2020/2021 the members of the Board of Trustees of WSET were very pleased with the way WSET was able to mitigate the negative effects of the Covid-19 pandemic. In the 12-month period, 108,584 examinations were taken, representing a 12% increase on the figure for the previous year. This increase was possible due to WSET's quick reaction the prior year to bring forward the implementation of a complete digital learning solution including online courses, online exams, and digital materials. There was growth in the number of centres (Approved Programme Providers, or 'APPs') delivering WSET qualifications around the world - with 994 APPs registered as at 31 July 2021. Of these, 676 were based in international markets (outside UK), and 318 were based in the UK.

Although WSET had to suspend operations in Mainland China from the end of January 2021, WSET's international candidate share continues to grow. In 2020/21, 86% of all candidates who sat for a WSET qualification took their examinations in countries outside the UK.

The number of students attending courses at WSET's London Wine and Spirit School exceeded expectations and budget, helped by nearly 80% of students moving onto the online educational platforms during the periods of lockdown during 2020/21. There was continued growth globally in courses using the online distance learning (digital) options (developed in order to provide more open access at all levels of qualification), with these courses available to WSET's external Approved Programme Providers, who were able to provide the examination venue for students, but who were unable to attend classroom-based courses.

The WSET London Wine and Spirit School also continued to run programmes for students with disabilities, as well as students from disadvantaged and minority backgrounds.

There were a number of applicants for the bursary fund, which had been set up to allow open access to WSET courses, and during the year this fund was supplemented with contributions from several major multinational companies, and over 5,000 people would not have been able to afford courses were provided with bursary funding to take WSET programmes around the world. These applicants were reviewed by the trustees, and grants awarded based on means-tested evidence of financial hardship.

**WINE AND SPIRIT EDUCATION TRUST**  
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**TRUSTEES' REPORT**

**FOR THE YEAR ENDED 31 JULY 2021**

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In 2020/21 the majority of the available space of the Trust's premises in Baden Place was successfully let, thus ensuring that we maximise our return on investment. Due to the pandemic, there were some agreed rent deferrals, and one unit remained vacant until July 2021, when a new tenant (WSTA) was secured to occupy this space.

39-45 Bermondsey Street is now used exclusively by WSET with exception of ground floor unit which continues to be let.

The office accommodation at Bickel's Yard remains vacant, impacted by the drop in the market for commercial property in London due to the pandemic.

The WSET APAC office now has a permanent staff of 11. This is a rented office in Hong Kong, which also has facilities for WSET to run Educator Programmes on site – a key initiative for the development of the Asia-Pacific business.

The WSET Americas team moved offices to a less expensive option in Hartford CT, and now has a permanent staff of 18 – although the majority were working remotely during the year 2020/21.

The annual strategy meeting, which took place on 8<sup>th</sup> to 9<sup>th</sup> September 2020, included a review of the Public Benefit statement of WSET, and the Board was happy that this was meeting the charitable objectives of the Trust.

The Trustees also discussed a number of other strategic issues, including:

- Latest view of WSET financial performance forecast for 2020/21 and beyond
- Headline key initiatives for the strategic (5 year) plan
- 2020/21 Income – with complete Digital offering
- 2020/21 Cost of Sales – changes in cost structures with Digital delivery
- Organisation and overhead costs
- Cash generation and investment plans

The Trustees carried out a further strategic review of the charity's activities in September 2021 and produced a comprehensive strategic plan following this meeting – this will be updated annually. The strong financial results for the past 16 years have demonstrated the value of this review, which has been an annual process since 2005.

It was agreed that the overriding intent of all business-related activity for 2021/22 was to return the business to a sure financial footing through restoring and growing revenue as quickly as possible. Restoring WSET's systems and examinations process to full efficiency was at the core of this objective, and additional resources have been allocated to ensure a return to the Service Levels which were in place prior to the pandemic. Income growth will also be achieved by a drive to raise the WSET trade profile through digital content and digital event spaces. Investment in digital education will continue in support of the development of eBooks, online courses and digital exams (computer-based testing). WSET will also start to prepare all markets for launch of a Beer qualification in 2022/23. Spirits education was identified as an area of extensive growth potential as APPs look to diversify following the disruption of Covid-19, with flexibility and a solid digital offering being key in making WSET an attractive option and opening up new routes to market.

In 2020/21, there was a substantial investment of £194k on Research and Development. Translation work totalling £68k maximised the potential for WSET qualifications in different languages and geographies, £37k on qualification updates and £89k was spent on new product development and other projects, including on-line education and assessment initiatives.

**FINANCIAL REVIEW**

Financial performance in 2020/21 continued to be negatively impacted by Covid-19, with a surplus of £415k on unrestricted funds being generated. At the start of Covid-19 restrictions coming into force globally, WSET was able to cut all non-essential spend from the business and shift the bulk of its offerings online. During 2021/22 WSET has started to spend again in key areas essential to future growth e.g. Research and Development and Infrastructure.

Of the contribution towards overheads, 15% was generated by the activities of the London Wine and Spirit School, with 48% coming from the activities of WSET Awards and 10% coming from Global Digital Learning Services, both of which were influenced by an increase in candidate numbers worldwide. The remaining 27% was generated from sales of books/materials and investment property rental income.

**WINE AND SPIRIT EDUCATION TRUST**  
**(Company limited by guarantee)**

**TRUSTEES' REPORT**

**FOR THE YEAR ENDED 31 JULY 2021**

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**Investment powers and policy**

Under the Memorandum and Articles of Association, the charity has the power to invest wisely in any way the Trustees wish.

The investment policy was reviewed at the September 2021 Strategy Meeting and it was agreed that there was no need to revise the policy. All remaining maturing investments in existence are secured against the bridging loan which was used to purchase the property at Baden Place. The performance of WSET's investments was also reviewed in the light of the low level of interest rates available in the UK.

**WSET Reserves Policy**

The strategy meeting in September 2021 included a review of the Reserves Policy with the objective of building on the strong financial performance but mindful of the changing nature of WSET's core business and the current and future priorities.

As at 31 July 2021, total reserves were £16.9million, comprising: £0.2 million (restricted), £15.8 million (designated) and £0.9 million (unrestricted).

When reviewing the reserves policy, the trustees identified that all of our restricted funds are fully committed to meet the planned expenditure. They also identified that funds invested in long-term property are not available to meet the costs of budgeted activity levels.

The property reserve stood at £13.9m as at 31<sup>st</sup> July 2021, which equates to the amount currently invested in the charity's property, excluding the restricted element in the Building Donation Fund and the value of mortgages and loans secured against the property. The amount of the property funded by restricted donations amounted to £0.2m at 31<sup>st</sup> July 2021. As at 31<sup>st</sup> July 2021 loan to value on the £41.6m of WSET owned buildings stood at 46%, with a requirement of 70% having been set throughout the life of the loan taken on purchase of Baden Place.

In addition to this, it was agreed that there is a need to secure the future of WSET by expending on the development of products and processes. A business development fund has been established amounting to £1.5m at 31<sup>st</sup> July 2021. It is anticipated that this fund will be spent within the next financial year.

A fund of £0.1m has been designated towards continued development of the two subsidiaries, USA and Hong Kong. Further revenue generation through the subsidiaries is planned for 2021/22.

The Trustees are committed to enable access to learning for people who are in need of help by designating £50,000 funding for both Bursaries (financial help) and Open Access (other help).

The level of reserves will continue to be reviewed each year in line with expected surplus levels and required expenditure, in particular the level of 'free' reserves which currently stands at £0.9m.

The overall level of reserves exceeds the target for reserves set by the Trustees, but this was deemed to be prudent in the light of the increased office accommodation and its associated costs.

**WINE AND SPIRIT EDUCATION TRUST**  
(Company limited by guarantee)

**TRUSTEES' REPORT**

**FOR THE YEAR ENDED 31 JULY 2021**

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**FUTURE PLANS**

A significant sum of £296k has been earmarked in the 2021/22 budget for investment in the area of foreign language translations, qualification updates (including New Product Development) to ensure that qualifications are kept current, and £710k on WSET's strategic I.T projects, including on-line education and assessment initiatives, reflecting the needs of the industry worldwide. The development budgets will concentrate on keeping the existing qualifications up to date, ensuring their relevance in creating a public benefit through training and qualifications in all sectors of the industry and to the public at large. In addition, there is an investment figure of £827k in promotion and marketing to ensure that the Trust reaches out to a wider audience.

The future plans include the following:

- Further development of Digital courses, both leading to WSET qualifications, and a broader programme aimed at the general public, and designed to increase the public benefit derived from the charity's activities. This will open up WSET qualifications to a wider audience than at present, by enabling open access to those who are unable to attend a WSET centre to participate in classroom-based programmes.
- Continuing evolution of the WSET website, including translation into WSET's key languages.
- Strategic, sustained growth driven by investment in translations, and working with multinational wine and spirit companies to introduce WSET qualifications into their distributor networks and customer base.
- Investment in the key growth markets of UK, USA, South East Asia, South America and mainland Europe, to facilitate the growth and strategic imperatives of managing and supporting the four regions for WSET qualifications. Investment in Mainland China has also increased pending recommencement of operations in the area.
- Continued, sustained investment in completing the Digital Projects which were started in 2019.

**PRINCIPAL RISKS AND UNCERTAINTIES**

**Risks**

The trustees have reviewed and approved a risk management policy and process and are responsible for overseeing risk management as a whole, and for determining the overall risk management. The Trustees' policy is to review the risk register on a regular basis to ensure that the impact of financial, strategic, operational and compliance risks are minimised. Trustees have conducted a review of the major risks to which the Trust is exposed, and systems have been established to mitigate those risks.

The risks fall into seven categories, totalling 23 identified risks:

**Business-related:**

- Risk of pandemic and spread of contagious disease, creating internal disruption and effect on income
- Major fire or other catastrophic incident at Bermondsey St, Baden Place or offices of WSET subsidiaries
- Brexit-related or other recessionary impact affecting spending on WSET courses and examinations
- Major customer fall-out causing 'snow-ball effect' of confidence in WSET qualifications around the world
- Loss of government funding, resulting in dramatic reduction in candidate numbers
- Internal failings resulting in withdrawal of Ofqual accreditation and resulting loss of global reputation
- Introduction by competitors of disruptive technology or approach which takes a significant share from WSET
- Theft or copying of WSET's intellectual property
- Unexpected departure or death of key personnel
- Large-scale scandal resulting in loss of reputation - through Social Media or otherwise

**Fiscal**

- Banking covenants are breached as a result of reduced revenue and subsequent EBITDA performance

### Cyber

- Serious attack on WSET's systems, resulting in corruption of data and/or shut-down of systems
- Customer data compromised resulting in non-compliance with GDPR or other regulations

### Regulatory

- Local laws are breached, resulting in shut-down of operations, reduced trading or increased cost of operating

### Operational

- WSET products fail to remain relevant in some or all of target markets and sectors
- Failure of key supplier (e.g. Remote Invigilation service)
- Health & Safety incident causing death or serious injury to staff or customer
- Access to Bermondsey St, Baden Place or other offices due to security incident

### Financial

- Inadequate separation of financial transactions between subsidiaries, leading to government sanction or fine
- FX rates move adversely resulting in reduced margin from foreign currency transactions
- Financial assets and liabilities not adequately controlled, leading to material financial losses or mis-statement

### Legislative

- Change in legislation resulting in loss of charitable status
- An employee acting in contravention of the Bribery Act 2010, Proceeds of Crime Act 2002 or committing a Corporate offence

## **RESPONSIBILITIES OF THE TRUSTEES**

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

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

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the Charities SORP;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable UK Accounting standards 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 charitable company will continue in business

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **STATEMENT OF DISCLOSURE TO AUDITORS**

So far as the trustees are aware, there is no relevant audit information of which the Trust's auditors are unaware. Additionally, the trustees have taken all the steps they ought to have taken as trustees in order to make themselves aware of any relevant audit information and to establish that the Trust's auditors are aware of that information.

**In approving the Trustees' Report the trustees also approve the Strategic Report in their capacity as company directors.**

Approved by the Trustees and signed on their behalf on 7 December 2021.



**Simon McMurtrie**  
Chairman

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
WINE AND SPIRIT EDUCATION TRUST**

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**Opinion**

We have audited the financial statements of Wine and Spirit Education Trust for the year ended 31 July 2021 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Charity Balance Sheets, the Consolidated Statement of Cash Flows and the related notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 July 2021 and of the charitable company's net movement in funds, including the 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 Auditor's 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 UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group 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.

**Other information**

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the Trustees' Report (which incorporates the strategic report and the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Report (which incorporates the strategic report and the directors' report) has been prepared in accordance with applicable legal requirements.

**Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the group and the parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report (which incorporates the strategic report and the directors' report).

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

### WINE AND SPIRIT EDUCATION TRUST *(Continued)*

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

- adequate accounting records have not been kept by the parent charitable company; 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.

#### **Responsibilities of trustees for the financial statements**

As explained more fully in the trustees' responsibilities statement on page 7, 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.

#### **Auditor's responsibilities for the audit of the financial statements**

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

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

Based on our understanding of the group and the environment in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to revenue recognition, GDPR and employment law, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006, the Charities Act 2011, income tax, payroll tax and sales tax.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to revenue. Audit procedures performed by the engagement team included:

- Inspecting correspondence with regulators and tax authorities;
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect irregularities;
- Identifying and testing journals, in particular journal entries posted with unusual account combinations, postings by unusual users or with unusual descriptions; and
- Challenging assumptions and judgements made by management in their critical accounting estimates.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF**

**WINE AND SPIRIT EDUCATION TRUST** *(Continued)*

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**Use of our report**

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

**Murtaza Jessa**  
**Senior Statutory Auditor**  
**for and on behalf of Haysmacintyre LLP, Statutory Auditors**

**10 Queen Street**  
**London**  
**EC4R 1AG**

**December 2021**

**WINE AND SPIRIT EDUCATION TRUST**  
(Company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES (incorporating an income and expenditure account)**

**FOR THE YEAR ENDED 31 JULY 2021**

	Note	Unrestricted funds General £	Designated £	Restricted funds £	Total 2021 £	Total 2020 £
<b>INCOME FROM:</b>						
Charitable activities:						
<i>Courses, examination fees and Teaching aids</i>	3	14,526,871	-	-	14,526,871	13,262,917
Donations and legacies		668,688	4,590	6,000	679,278	252,099
Investments		24,269	-	-	24,269	14,327
Other trading activities	4	912,523	-	-	912,523	1,085,450
Government grant		15,412	-	-	15,412	255,267
<b>Total income</b>		<u>16,147,763</u>	<u>4,590</u>	<u>6,000</u>	<u>16,158,353</u>	<u>14,870,059</u>
<b>EXPENDITURE ON:</b>						
Raising funds						
<b>Charitable activities</b>						
Costs of Generating Voluntary Income		116,705	-	-	116,705	57,735
Courses, examination fees and teaching aids		15,602,751	19,520	3,850	15,626,121	14,570,995
<b>Total expenditure</b>	5	<u>15,719,456</u>	<u>19,520</u>	<u>3,850</u>	<u>15,742,826</u>	<u>14,628,730</u>
<b>Net income / (expenditure) before transfers</b>		428,307	(14,930)	2,150	415,527	241,329
Transfers		(340,367)	346,089	(5,722)	-	-
<b>Net income</b>		<u>87,941</u>	<u>331,159</u>	<u>(3,572)</u>	<u>415,527</u>	<u>241,329</u>
Translation adjustment		(74,259)	-	-	(74,259)	-
<b>Net movement in funds</b>		<u>13,682</u>	<u>331,159</u>	<u>(3,572)</u>	<u>341,268</u>	<u>241,329</u>
Fund balances brought forward at 1 August 2020		866,729	15,449,241	222,262	16,538,232	16,296,903
<b>Fund balance carried forward At 31 July 2021</b>		<u>880,410</u>	<u>15,780,400</u>	<u>218,690</u>	<u>16,879,500</u>	<u>16,538,232</u>

The Statement of Financial Activities includes all gains and losses recognised in the year. All activities shown are continuing.

Full comparative figures for 2020 are shown in note 23.

BALANCE SHEET - CONSOLIDATED

AT 31 JULY 2021

	Note	2021		2020	
		£	£	£	£
<b>FIXED ASSETS</b>					
Tangible assets	7		18,741,211		18,291,642
Investment property	8		15,085,500		15,085,500
<b>CURRENT ASSETS</b>					
Stocks	10	548,817		729,499	
Debtors	11	2,259,641		2,017,852	
Cash and bank balances	12	2,736,971		2,743,477	
			<u>5,545,429</u>		<u>5,490,828</u>
<b>CREDITORS: amounts falling due within one year</b>	13		<u>4,333,448</u>		<u>3,489,480</u>
<b>NET CURRENT ASSETS</b>			<u><b>1,211,981</b></u>		<u><b>2,001,349</b></u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>35,038,692</u>		<u>33,378,491</u>
<b>CREDITORS: amounts falling due after more than one year</b>	15		<u>18,159,191</u>		<u>18,840,259</u>
<b>NET ASSETS</b>			<u><u>16,879,500</u></u>		<u><u>16,538,231</u></u>
<b>FUNDS</b>					
Restricted funds	17		218,690		222,262
Unrestricted funds:					
Designated funds	17		15,780,400		15,449,241
General funds	17		880,410		866,728
<b>TOTAL FUNDS</b>			<u><u>16,879,500</u></u>		<u><u>16,538,231</u></u>

The financial statements were approved and authorised for issue by the Board of Trustees on 9 December 2021 and were signed on its behalf by:



Simon McMurtrie  
Chairman

BALANCE SHEET - CHARITY

AT 31 JULY 2021

	Note	2021		2020	
		£	£	£	£
<b>FIXED ASSETS</b>					
Tangible assets	7		18,717,864		18,243,072
Investment property	8		15,085,500		15,085,500
<b>CURRENT ASSETS</b>					
Stocks	10	548,817		729,499	
Debtors	11	1,847,534		1,904,824	
Cash and bank balances	12	2,135,447		2,333,538	
			<u>4,531,619</u>		<u>4,967,861</u>
<b>CREDITORS: amounts falling due within one year</b>	13		<u>4,019,652</u>		<u>3,595,179</u>
<b>NET CURRENT ASSETS</b>			<u>511,967</u>		<u>1,372,682</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>34,315,331</u>		<u>34,701,254</u>
<b>CREDITORS: amounts falling due after more than one year</b>	15		<u>(18,159,191)</u>		<u>(18,706,589)</u>
<b>NET ASSETS</b>			<u><u>16,156,140</u></u>		<u><u>15,994,664</u></u>
<b>CHARITY FUNDS</b>					
Restricted funds	17		218,690		222,262
Unrestricted funds:					
Designated funds	17		15,780,400		15,449,242
General funds	17		157,050		323,161
<b>TOTAL CHARITY FUNDS</b>			<u><u>16,156,140</u></u>		<u><u>15,994,664</u></u>

The financial statements were approved and authorised for issue by the Board of Trustees on 9 December 2021 and were signed on its behalf by:



Simon McMurtrie  
Chairman

WINE AND SPIRIT EDUCATION TRUST  
(Company limited by guarantee)

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 JULY 2021

	Note	2021		2020	
		£	£	£	£
<b>Net cash inflow from operations:</b>					
Net cash provided by operations	A		1,715,611		1,708,041
<b>Cash flows from investing activities:</b>					
Bank interest and other investment income		24,269		14,327	
Finance and other costs		(471,007)		(518,885)	
Payments to acquire tangible fixed assets		(1,059,276)		(1,680,108)	
<b>Net cash provided by/(used in) investing activities</b>			<b>(1,506,014)</b>		<b>(2,184,666)</b>
<b>Cash flows from financing activities:</b>					
Purchase of investment property		-		-	
Bank loan repayments		(216,102)		(559,243)	
Bank loan drawdown		-		-	
<b>Net cash provided by/(used in) financing activities</b>			<b>(216,102)</b>		<b>(559,243)</b>
Change in cash and cash equivalents in the reporting period			(6,505)		(1,035,868)
Net cash and cash equivalents at beginning of period	B		2,743,476		3,779,344
Net cash and cash equivalents at end of period	B		2,736,971		2,743,476

A. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH INFLOW FROM OPERATIONS	2021	2020
	£	£
Net movement in funds	341,268	241,328
Depreciation	609,707	574,219
Bank interest and other investment income	(24,269)	(14,327)
Reduction in value of interest rate swap	-	-
Finance and other costs	471,007	518,885
Increase in stocks	180,682	234,163
Increase in debtors	(241,789)	341,693
Deposit for new building	-	-
Increase in creditors	379,004	(187,920)
<b>Net cash inflow from operations</b>	<b>1,715,611</b>	<b>1,708,041</b>

WINE AND SPIRIT EDUCATION TRUST  
(Company limited by guarantee)

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 JULY 2021

B. ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS	At 1 August 2020 £	Cashflows £	Other Changes £	At 31 July 2021 £
Cash and cash equivalents	1,170,152	164,524	-	1,334,676
Deposit accounts	1,573,324	(171,029)	-	1,402,295
	<u>2,743,476</u>	<u>(6,505)</u>	<u>-</u>	<u>2,736,971</u>
<b>Borrowings</b>				
Debts due within one year	756,433	-	336,361	1,092,794
Debts due after one year	18,514,253	-	(552,465)	17,962,355
	<u>19,271,253</u>	<u>-</u>	<u>(216,104)</u>	<u>19,055,149</u>
<b>Total</b>	(16,527,777)	(6,505)	216,104	(16,318,178)

**WINE AND SPIRIT EDUCATION TRUST**  
**(Company limited by guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 JULY 2021**

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**1. ACCOUNTING POLICIES**

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the accounts:

**Basis of Preparation**

The financial statements have been prepared in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102), the 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 January 2019.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 31 July 2021 and the comparative information presented in these financial statements for the year ended 31 July 2020. The financial statements are drawn up under the historical cost convention.

The Trust is a Public Benefit Entity registered as a charity and company in England and Wales, it was registered in 1969 (charity number 313766 and company registration number 964179).

**Basis of consolidation**

The accounts consolidated the results of WSET Asia Pacific Limited and WSET Americas Inc., the wholly owned charitable subsidiary companies. WSET Asia Pacific Limited as incorporated in Hong Kong on 21 October 2015 and WSET Americas Inc. as incorporated in New York on 21 July 2016. In accordance with Section 408 of the Companies Act 2006, no separate Statement of Financial Activities is presented for Wine and Spirit Education Trust Limited. The parent charity net income for the year was £(112,330) (2020: £239,060)

The Charity has taken advantage of the exemption available to a qualifying entity in FRS 102 from the requirement to present a charity only Cash Flow Statement within the consolidated financial statements.

**Going concern**

At the Strategy Meeting in September 2021 the Trustees reviewed the financial performance for FY21 and the FY22 budget with a cashflow forecast projection for the next 12 months. Having reviewed all this information along with the funding facilities available to the Trust, the Trustees have a reasonable expectation that the Group has adequate resources to continue its activities for the foreseeable future and consider that there were no material uncertainties over the Trust's financial viability. Accordingly, they also continue to adopt the going concern basis in preparing the financial statements. Key factors in assessing WSET as a going concern include its ability to adapt its customer offering during the Covid-19 Pandemic (which has been illustrated by its stable financial performance in year), a diverse geographic spread across 3 reporting regions (EMEA, APAC and Americas), continued place as global market leader for wine and spirits education, and subsidiary operations to grow business in Americas and APAC.

**Critical accounting judgements and key sources of estimation uncertainty**

In the application of the accounting policies, the Trustees are required to make judgement, estimates, and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affected current and future periods.

In the view of the Trustees, no assumptions concerning the future or estimation uncertainty affecting assets or liabilities at the balance sheet date are likely to result in a material adjustment to their carrying amounts in the next financial year.

**WINE AND SPIRIT EDUCATION TRUST**  
(Company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 31 JULY 2021**

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**Income**

All income is recognised when the criteria of entitlement, measurement and probability of receipt have been satisfied.

*Fees and similar income*

Courses, examination fees, teaching aids and other income receivable are credited to the Statement of Financial Activities in the period when the course or examination takes place. Fees received in advance are included within creditors in the balance sheet.

*Donations*

Donations are accounted for as and when entitlement arises, the amount can be reliably quantified and the economic benefit to the Trust is considered probable.

*Investment income*

Investment income from dividends, bank balances and fixed interest securities is accounted for on an accruals basis.

**Expenditure**

All expenditure is accounted for on an accruals basis. Expenditure has been classified under headings that aggregate all costs related to the category. Where costs cannot be attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources. Note 4 to these accounts details the method of allocation of such costs.

Employment benefits, including holiday pay, are recognised in the period in which they are earned. Termination benefits are recognised in the period in which the decision is made and communicated to the relevant employee(s).

Staff costs, where attributable to more than one area of activity, are apportioned across categories on the basis of an estimate of the proportion of time spent by staff on those activities.

*Pension Scheme Costs*

Contributions in respect of the Trust's defined contribution pension scheme are charged to the Statement of Financial Activities for the year in which they are payable to the Scheme.

*Governance Costs*

Governance costs consists of the costs associated with trustees meetings and the cost of the statutory audit plus an appropriate proportion of management time.

**Operating leases**

Rentals paid under operating leases are charged to income on a straight line basis over the lease term.

**Tangible Fixed Assets and Depreciation**

Depreciation is provided on a straight line basis as follows:

Freehold and long term leasehold buildings	Over 50 Years
Refurbishment of leasehold	Over 10 years
Equipment	25%
Computers	50%
IT Systems	33%
Cycle to Work	As government advisory rates

Only purchases over £1,500 are capitalised.

**Stocks**

Stocks have been valued at the lower of cost and net realisable value.

**WINE AND SPIRIT EDUCATION TRUST**  
(Company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 31 JULY 2021**

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**Financial Instruments**

Basic financial instruments are initially recognised at transaction value and subsequently measured at amortised with the exception of investments which are held at fair value. Financial assets held at amortised cost comprise cash at bank and in hand, together with trade and other debtors and stocks. Financial liabilities held at amortised cost comprise all creditors except social security and other taxes and provisions.

*Cash and cash equivalents*

Cash and cash equivalents includes cash in hand, deposits held at banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts, when applicable, are shown within current liabilities.

*Debtors and creditors*

Debtors and creditors are measured at the transaction price less any provision for impairment. Any losses arising from impairment are recognised as expenditure.

*Bank borrowings*

Liabilities for borrowings which are subject to a market rate of interest are measured at the value of the amount advanced, less capital repayments.

**Interest rate hedging**

The Interest Swap arrangement that was in place to hedge exposure to volatility in respect of long term borrowings for the purchase of 39-45 Bermondsey Street has been cancelled following repayment of these borrowings in full. The interest rate swap liability was recognised at fair value as at the balance sheet date and remeasurement differences are taken to other gains and losses within the Statement of Financial Activities.

**Irrecoverable VAT**

Irrecoverable VAT is written off to the expenditure to which it relates.

**Investment property**

Investment property is held at fair value.

**Foreign Currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating result.

**Funds**

Restricted funds are those where there are specific donor restrictions as to their use. Designated funds are those which have been earmarked by the Trustees for specific purposes. Unrestricted funds can be used at the discretion of the Trustees.

**2. INCOME**

Income attributable to geographical markets outside the United Kingdom was approximately 70% (2020: 75%).

**WINE AND SPIRIT EDUCATION TRUST**  
(Company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 31 JULY 2021**

**3. INCOME FROM CHARITABLE ACTIVITIES**

	<b>2021 Total £</b>	<b>2020 Total £</b>
Courses	3,986,928	4,106,732
Examinations	6,950,726	5,323,671
Teaching Aids	3,589,217	3,832,514
	<u>14,526,871</u>	<u>13,262,917</u>

All income from charitable activities in 2020 and 2021 was unrestricted.

**4. OTHER TRADING ACTIVITIES**

	<b>2021 Total £</b>	<b>2020 Total £</b>
Rent and service charge income	876,458	1,029,656
Other	36,064	55,794
	<u>912,523</u>	<u>1,085,450</u>

All income from other trading activities in 2020 and 2021 was unrestricted.

**5. ANALYSIS OF TOTAL EXPENDITURE**

	<b>Staff Costs £</b>	<b>Other costs £</b>	<b>Depreciation £</b>	<b>2021 Total £</b>
<b>Cost of raising funds</b>				
Fundraising	61,693	50,487	4,525	116,705
<b>Charitable activities</b>				
Courses	3,361,599	2,758,027	246,554	6,366,181
Examinations	2,997,545	2,459,338	219,854	5,676,737
Teaching aids	1,336,237	1,096,810	98,050	2,531,697
Governance costs	555,237	455,545	40,724	1,050,342
	<u>8,251,219</u>	<u>6,769,720</u>	<u>605,182</u>	<u>15,626,121</u>
<b>Total expenditure</b>	<u>8,312,912</u>	<u>6,820,207</u>	<u>609,707</u>	<u>15,742,826</u>

**ANALYSIS OF TOTAL EXPENDITURE  
COMPARATIVE FOR 2020**

	<b>Staff costs £</b>	<b>Other costs £</b>	<b>Depreciation £</b>	<b>2020 Total £</b>
<b>Cost of raising funds</b>				
Fundraising	40,325	11,939	5,470	57,735
<b>Charitable activities</b>				
Courses	2,514,572	2,518,331	240,539	5,273,442
Examinations	2,672,233	2,217,223	213,336	5,102,792
Teaching aids	1,714,592	1,724,479	109,403	3,548,475
Governance costs	477,058	163,759	5,470	646,287
	<u>7,378,455</u>	<u>6,623,792</u>	<u>568,748</u>	<u>14,570,995</u>
<b>Total expenditure</b>	<u>7,418,780</u>	<u>6,635,731</u>	<u>574,219</u>	<u>14,628,730</u>

WINE AND SPIRIT EDUCATION TRUST  
(Company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 JULY 2021

5. ANALYSIS OF TOTAL EXPENDITURE (continued)

	2021	2020
	£	£
<b>Other costs include:</b>		
Bank loan interest	471,007	518,885
Auditors' remuneration - UK	35,856	21,700
Auditors' remuneration – Hong Kong	2,288	1,764
Auditors' remuneration - US	13,973	18,235
Legal, professional and consultancy fees	<u>436,550</u>	<u>120,486</u>
	959,675	681,070

Other costs have been allocated on a floor area basis and by attributable charitable activity.

6. STAFF COSTS

	2021	2020
	£	£
Salaries	6,320,769	5,914,014
Social security costs	606,391	497,267
Pension contributions	489,856	464,699
Other staff costs	903,776	512,657
Redundancy costs	60,198	30,144
	<u>8,380,990</u>	<u>7,418,780</u>

The average number of employees (other than the trustees who are on a part-time basis and who are not remunerated) was:

	2021	2020
	Number	Number
Management and administration	35	34
Training and education	111	101
	<u>146</u>	<u>135</u>

The number of higher paid employees was:

<b>Taxable emoluments band:</b>		
£60,000 - £70,000	3	1
£70,001 - £80,000	1	3
£80,000 - £90,000	2	1
£90,001 - £100,000	1	1
£100,001 - £110,000	1	1
£110,001 - £120,000	1	1
£150,001- £160,000	1	1
£230,001 - £240,000	1	1
	<u>11</u>	<u>10</u>

The aggregate remuneration paid to key management in the period was £1,597,899 (2020: £1,129,034).

WINE AND SPIRIT EDUCATION TRUST  
(Company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 JULY 2021

7. TANGIBLE FIXED ASSETS GROUP	Freehold land & buildings £	Educational & office £	Capital Project £	Total £
<b>Cost</b>				
At 1 August 2020	19,224,047	931,417	1,157,350	21,312,814
Additions	712,973	34,878	311,425	1,059,276
Disposals	-	(39,158)	-	(39,158)
At 31 July 2021	<u>19,937,021</u>	<u>927,137</u>	<u>1,468,775</u>	<u>22,332,932</u>
<b>Depreciation</b>				
At 1 August 2020	1,631,947	806,080	583,145	3,021,172
Charge for year	450,384	64,776	94,547	609,708
Disposals	-	(39,158)	-	(39,158)
At 31 July 2021	<u>2,082,332</u>	<u>831,698</u>	<u>677,692</u>	<u>3,591,721</u>
<b>Net Book Value</b>				
At 31 July 2021	<u>17,854,689</u>	<u>95,439</u>	<u>791,083</u>	<u>18,741,211</u>
At 31 July 2020	<u>17,592,100</u>	<u>125,337</u>	<u>574,205</u>	<u>18,291,642</u>
<b>TANGIBLE FIXED ASSETS CHARITY</b>	<b>Freehold land &amp; buildings £</b>	<b>Educational &amp; office £</b>	<b>Computers &amp; IT Systems £</b>	<b>Total £</b>
<b>Cost</b>				
At 1 August 2020	19,224,047	812,809	1,154,109	21,190,966
Additions	712,973	37,766	311,425	1,062,164
Disposals	-	(39,158)	-	(39,158)
At 31 July 2021	<u>19,937,021</u>	<u>811,417</u>	<u>1,465,534</u>	<u>22,213,972</u>
<b>Depreciation</b>				
At 1 August 2020	1,631,947	735,016	580,931	2,947,894
Charge for year	450,384	42,951	94,037	587,372
Disposals	-	(39,158)	-	-
At 31 July 2021	<u>2,082,332</u>	<u>738,809</u>	<u>674,967</u>	<u>3,535,266</u>
<b>Net Book Value</b>				
At 31 July 2021	<u>17,854,689</u>	<u>72,608</u>	<u>790,567</u>	<u>18,717,864</u>
At 31 July 2020	<u>17,592,100</u>	<u>77,793</u>	<u>573,179</u>	<u>18,243,072</u>

Depreciation is charged at cost but not charged on the freehold land with an estimated value of:

International House £879,400  
Baden Place £18,690,000

Depreciation is charged on the premises at Baden Place based on floor space currently occupied by WSET (10952 sqft out of 25,332 sqft available) 43.2%

**WINE AND SPIRIT EDUCATION TRUST**  
**(Company limited by guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 31 JULY 2021**

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**8. INVESTMENT PROPERTY**

	2021 £	2020 £
<b>Valuation</b>		
At 1 August 2020	15,085,500	25,158,760
Transfer to Fixed Assets	-	(10,073,260)
	<hr/>	<hr/>
<b>At 31 July 2021</b>	15,085,500	15,085,500
<b>Historic cost</b>		
At 31 July 2021	<u>25,158,760</u>	<u>25,158,760</u>
At 31 July 2020	<u>25,158,760</u>	<u>25,158,760</u>

The property has been valued at open market value as at year end by the trustees.

The charity has bank loans which are secured by way of a first and second legal charge over the investment property and all other assets of the company. See note 15 for further details.

The investment value is based on the portion of floor space currently not occupied by WSET (14,380 sqft out of 25,332 sqft available): 56.8% of £26,575,000

**WINE AND SPIRIT EDUCATION TRUST**  
(Company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 31 JULY 2021**

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**9. INVESTMENT IN SUBSIDIARIES**

**WSET Asia Pacific Limited**

The Charity owns the whole of the share capital of WSET Asia Pacific Limited, a charitable company registered in Hong Kong with number 2298676 which was incorporated on 21 October 2015. The principal aims of this subsidiary charity are to support the growing market in Asia. It is 100% owned by the Wine and Spirit Education Trust.

Its results for the year are summarised below. All income and expenditure in the period was unrestricted:

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Grant from parent charity	308,678	730,002
Expenditure on charitable activities	(336,405)	(765,942)
Net income	<u>(27,727)</u>	<u>(35,940)</u>
Fund balances brought forward	126,350	162,289
Fund balances carried forward	<u><u>105,580</u></u>	<u><u>126,350</u></u>

**WSET Americas**

	<b>2021</b>	<b>2020</b>
Grant from parent charity	-	889,281
Expenditure on charitable activities	568,365	(855,610)
Net income	<u>568,365</u>	<u>33,761</u>
Translation adjustment	15,745	-
Fund balances brought forward	33,671	-
Fund balances carried forward	<u><u>617,781</u></u>	<u><u>33,671</u></u>

The Charity owns the whole of the share capital of WSET Americas Inc, a charitable (non-profit private foundation) company registered in New York with number 45-98-81 which was incorporated on 21<sup>st</sup> July 2016. The principal aims of this subsidiary charity are to support the growing market in North and South America. It is 100% owned by the Wine and Spirit Education Trust.

WINE AND SPIRIT EDUCATION TRUST  
(Company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 JULY 2021

10. STOCKS	Group 2021 £	Group 2020 £	Charity 2021 £	Charity 2020 £
<b>Stocks consist of:</b>				
Wines and spirits	190,335	226,818	190,335	226,818
Books and other course materials	399,442	443,805	399,442	443,805
Other materials	9,021	58,876	9,021	58,876
Stock Provision	(50,000)	-	(50,000)	-
	<u>548,817</u>	<u>729,499</u>	<u>548,817</u>	<u>729,499</u>

The value of stock released to cost of sales in the year was £736,102 (2020: £928,311).

11. DEBTORS	Group 2021 £	Group 2020 £	Charity 2021 £	Charity 2020 £
Trade debtors	1,610,322	1,284,203	1,255,981	1,284,203
Prepayments and accrued income	574,981	123,043	562,827	10,015
Other debtors	42,081	450,998	37,426	450,998
Service charge	41,136	159,608	-	159,608
Staff Loans	(8,879)	-	(8,879)	-
	<u>2,259,641</u>	<u>2,017,852</u>	<u>1,847,354</u>	<u>2,017,852</u>

12. CASH AND BANK BALANCES

The balances include £1,402,295 (2020: £1,573,325) held on short term bank deposits.

13. CREDITORS: amounts falling due within one year

	Group 2021 £	Group 2020 £	Charity 2021 £	Charity 2020 £
Course fees received in advance (see note 12)	927,819	1,394,347	927,819	1,394,347
Trade creditors	1,050,362	506,886	948,321	506,886
Accruals and other creditors	1,168,418	515,022	961,118	620,721
Bank loan (secured – see note 15)	1,092,794	756,443	1,092,794	756,433
APP fees in advance	8,992	113,867	8,992	113,867
Rental income in advance	68,318	70,221	68,318	70,221
Other creditors	16,745	132,704	12,290	132,704
	<u>4,333,448</u>	<u>3,489,480</u>	<u>4,019,652</u>	<u>3,595,179</u>

**WINE AND SPIRIT EDUCATION TRUST**  
(Company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 31 JULY 2021**

**14. ANALYSIS OF DEFERRED INCOME**

	<b>Group 2021 £</b>	<b>Group 2020 £</b>	<b>Charity 2021 £</b>	<b>Charity 2020 £</b>
Balance at 1 August	1,394,347	1,336,426	1,394,347	1,336,426
Amount released to income	(1,394,347)	(1,336,426)	(1,394,347)	(1,336,426)
Amount deferred in year	927,819	1,394,347	927,819	1,394,347
	<u>927,918</u>	<u>1,394,347</u>	<u>927,918</u>	<u>1,394,347</u>
Balance at 31 July	<u>927,918</u>	<u>1,394,347</u>	<u>927,918</u>	<u>1,394,347</u>

Deferred income relates to course fees, APP fees and rental income received in advance.

**15. CREDITORS: amounts falling due after more than one year**

	<b>2021 £</b>	<b>2020 £</b>
<b>Group and charity</b>		
Bank loan (secured)	17,962,356	18,514,820
Interest rate swap liability		
Long term deposits	196,835	325,439
	<u>18,159,191</u>	<u>18,840,259</u>

The bank loan is analysed as:

	<b>2021 £</b>	<b>2020 £</b>
Repayable:		
Between one and two years	631,217	1,111,876
Between two and five years	1,262,433	1,835,627
In five years or more	16,068,706	15,567,317
	<u>17,962,356</u>	<u>18,514,820</u>
Repayable within one year	1,092,794	756,433
	<u>19,055,150</u>	<u>19,271,253</u>

The charity has the following loans:

- A loan was taken out in September 2017 for £3.65 million with a final repayment schedule for November 2021. Interest is charged at 1.15% per annum over Base Rate and the loan is secured against Baden Place, Crosby Row, London, its associated assets and several cash balances.
- A loan was taken out in September 2017 for £3.4 million with a final repayment schedule for September 2027. Interest is charged at 1.75% per annum over Base Rate and the loan is secured against International House, 39-45 Bermondsey Street, London and its associated assets.
- A loan was taken out in September 2017 for £7 million with a final repayment schedule for September 2027. Interest is charged at 1.75% per annum over Base Rate and the loan is secured against Baden Place, Crosby Row, London and its associated assets.
- A loan was taken out in September 2017 for £3 million with a final repayment schedule for September 2022. Interest is charged at an agreed fixed rate for a 60-month period and then at 1.75% per annum over Base Rate. The loan is secured against International House, 39-45 Bermondsey Street, London and its associated assets.
- A loan was taken out in September 2017 for £7 million with a final repayment schedule for September 2027. Interest is charged at an agreed fixed rate for a 60-month period and then at 1.75% per annum over Base Rate. The loan is secured against Baden Place, Crosby Row, London and its associated assets.

WINE AND SPIRIT EDUCATION TRUST  
(Company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 JULY 2021

16. FINANCIAL INSTRUMENTS	Group		Charity	
	Group 2021 £	Group 2020 £	Charity 2021 £	Charity 2020 £
Financial assets measured at amortised cost	4,229,991	4,228,347	4,229,991	4,228,347
Financial liabilities measured at amortised cost	(21,295,034)	(21,681,047)	(21,295,034)	(21,681,047)

Financial assets measured at amortised cost comprise cash, stock, fee debtors and other debtors.

Financial liabilities measured at amortised cost comprise trade creditors, deposits, fees in advance (including fee composition scheme balances), other creditors and bank loans.

17. FUNDS

GROUP	Balance at 1 August 2020 £	Income £	Expenditure £	Transfers and Gains/losses £	Balance at 31 July 2021 £
<b>Restricted funds</b>					
Peter Hampson Memorial Fund	13,928			230	14,158
Worshipful Co. Distillers		6,000	3,850		2,150
Building Donations	208,334	-	-	(5,952)	202,382
	<u>222,262</u>	<u>6,000</u>	<u>3,850</u>	<u>(5,722)</u>	<u>218,690</u>
<b>Unrestricted funds - designated</b>					
<i>Designated</i>					
Information technology	400,000			(200,000)	200,000
Business development fund	1,251,229			253,839	1,505,068
Bursary Fund	50,000	4,590	(19,520)	14,930	50,000
Open Access Fund	50,000			-	50,000
US and Hong Kong Office	500,000			(400,000)	100,000
Property reserve	13,198,013			677,320	13,875,333
	<u>15,449,242</u>	<u>4,590</u>	<u>(19,520)</u>	<u>346,089</u>	<u>15,780,400</u>
<b>Unrestricted funds - general</b>	<u>866,728</u>	<u>16,147,763</u>	<u>(15,719,456)</u>	<u>(340,367)</u>	<u>880,410</u>
<b>Total unrestricted funds</b>	<u>16,315,970</u>	<u>16,152,353</u>	<u>(15,738,976)</u>	<u>5,722</u>	<u>16,660,810</u>
<b>Total funds</b>	<u>16,538,232</u>	<u>16,158,353</u>	<u>(15,735,126)</u>	<u>-</u>	<u>16,879,500</u>

WINE AND SPIRIT EDUCATION TRUST  
(Company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 JULY 2021

17. FUNDS (CONTINUED) CHARITY	Balance at 1 August 2020 £	Income £	Expenditure £	Transfers and Gains/losses £	Balance at 31 July 2021 £
<b>Restricted funds</b>					
Peter Hampson Memorial Fund	13,928			230	
Worshipful Co. Distillers		6,000	3,850		2,150
Building Donations	208,334			(5,952)	202,382
	<u>222,262</u>	<u>6,000</u>	<u>3,850</u>	<u>(5,722)</u>	<u>218,690</u>
<b>Unrestricted funds - designated</b>					
Information technology	400,000			(200,000)	200,000
Business development fund	1,251,229			253,829	1,505,068
Bursary Fund	50,000	4,590	(19,520)	14,930	50,000
Open Access Fund	50,000	-	-	-	50,000
US and Hong Kong Office	500,000	-	-	(400,000)	100,000
Property reserve	13,198,013			677,320	13,875,333
	<u>15,449,242</u>	<u>4,590</u>	<u>(19,520)</u>	<u>346,089</u>	<u>15,780,401</u>
<b>Unrestricted funds - general</b>	<u>706,707</u>	<u>13,597,760</u>	<u>(14,069,976)</u>	<u>249,127</u>	<u>15,937,450</u>
<b>Total unrestricted funds</b>	<u>16,155,948</u>	<u>13,602,350</u>	<u>(14,069,976)</u>	<u>249,127</u>	<u>15,937,450</u>
<b>Total funds</b>	<u>16,155,948</u>	<u>13,608,350</u>	<u>(14,066,126)</u>	<u>243,405</u>	<u>16,156,140</u>

**Restricted Funds**

*Peter Hampson Memorial Fund* - An investment fund from which an annual scholarship is awarded.

*Building Donation Fund* - Created from donations received for the acquisition of the freehold in Bermondsey Street. It is being amortised over the 50 year life of the building.

*Worshipful Co. of Distillers* - Annual donations to be used towards courses and prizes funded in the name of the Distillers.

**Designated Funds**

*Property reserve* This represents the fund amount currently invested in the charity's property, excluding the restricted element in the Building Donation Fund and the value of the mortgage secured against the property.

*Business development fund* – This fund has been set up for use in developing new projects and business opportunities.

*Bursary fund* - To provide extra sources of financial help, which are means tested, to enable students to study for WSET programmes should they have difficulty funding themselves.

*Open Access fund* - This is used to break down barriers to learning that may encumber some students. It may be used to provide learning or examination resources.

*US and Hong Kong office* – This reserve is set aside to fund future investment in the subsidiary charities office space to support continues growth and expansion.

*Information technology* – This reserve is set aside to meet the forecast levels of spend on development of IT infrastructure.

**WINE AND SPIRIT EDUCATION TRUST**  
(Company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 31 JULY 2021**

<b>18. ANALYSIS OF NET ASSETS BETWEEN FUNDS</b>	<b>Fixed assets £ 2021</b>	<b>Net current assets £ 2021</b>	<b>Long term liabilities £ 2021</b>	<b>Total £ 2021</b>
<b>Group</b>				
Restricted funds	202,382	16,308		218,690
Unrestricted fund	33,624,329	1,195,673	(18,159,191)	16,660,810
	<u>33,826,711</u>	<u>1,211,981</u>	<u>(18,159,191)</u>	<u>16,879,500</u>
<b>Charity</b>				
Restricted funds	202,382	16,308	-	218,690
Unrestricted funds	33,600,982	495,659	(18,159,191)	15,937,450
	<u>33,803,364</u>	<u>511,967</u>	<u>(18,159,191)</u>	<u>16,156,140</u>
 <b>COMPARATIVE ANALYSIS OF NET ASSETS BETWEEN FUNDS</b>				
	<b>Fixed assets £ 2020</b>	<b>Net current assets £ 2020</b>	<b>Long term liabilities £ 2020</b>	<b>Total £ 2020</b>
<b>Group</b>				
Restricted funds	208,334	13,928	-	222,262
Unrestricted fund	33,168,808	1,987,421	(18,840,259)	16,315,970
	<u>33,377,142</u>	<u>2,001,349</u>	<u>(18,840,259)</u>	<u>16,538,232</u>
<b>Charity</b>				
Restricted funds	11,038	211,224	-	222,262
Unrestricted funds	33,317,534	1,161,458	(18,706,589)	15,772,403
	<u>33,328,572</u>	<u>1,372,682</u>	<u>(18,706,589)</u>	<u>15,994,665</u>

**19. PENSION SCHEME**

The Trust contributes towards a pension scheme for most of its employees. The scheme consists of a series of defined contribution pension arrangements. The nature of these arrangements is such that there are no unfunded liabilities. The pension funds are administered by trustees and are independent of the Trust's finances. The contributions paid for the year amounted to £455,168 (2020: £431,476).

**WINE AND SPIRIT EDUCATION TRUST**  
(Company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 31 JULY 2021**

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**20. OPERATING LEASES**

*Income from operating leases*

As at 31 July the following income was due to the charity and group under non-cancellable operating leases:

	2021 £	2020 £
Due in less than one year	802,184	898,656
Due in two to five years	2,424,246	2,267,744
	<u>3,226,431</u>	<u>3,166,400</u>

Baden Place, Crosby Row was purchased in September 2018 by the Trust as an investment. Of the total area of 25,332 square feet WSET has been occupying 10,952 square feet since August 2019. The remaining space of 14,380 sq ft is in rentable condition and was let for the full year with the exception of Unit 4 which has been empty since August 2019. The investments returned a rental of £899k in the year ended 31st July 2021. Rental income for the year ended 31st July 2022 is expected to be £802k and for the next four years is expected to provide an income of £2.424m. This marginal increase in rental income is reflective of the full occupancy now achieved at Baden Place.

*Operating lease expenditure*

As at 31 July 2021 the group had no annual commitments under non-cancellable operating leases.

**21. LEGAL STATUS OF THE TRUST**

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

**22. RELATED PARTY TRANSACTIONS**

Three trustees (Simon McMurtrie, Susan McCraith and Michael Turner) are members and representatives of the Vintners Company, from which WSET rented premises to the sum of £nil (2020: £300) during the year.

One Trustee, Allen Gibbons, is a member of the Worshipful Company of Distillers. WSET received a payment of £nil (2020: £4,500) during the year in relation to courses, scholarships and corporate patronage.

One trustee, Troy Christensen, is CEO of Enotria Winecellars Limited from which WSET purchased wine for courses to the value of £2,990 (2020: £13,682) and from which WSET received £10,052 (£26,642) payment for courses and corporate patronage during the year. Troy was also a member of the Board of the Wine & Spirit Trade Association up to July 2021, that is a tenant of the WSET for accommodation with a rental value of £72,000 per annum (2020: £72,000 per annum).

WINE AND SPIRIT EDUCATION TRUST

(Company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 JULY 2021

23. COMPARATIVE CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

	Note	Unrestricted funds General £	Designated £	Restricted funds £	Total 2020 £
<b>INCOME FROM:</b>					
Charitable activities:					
<i>Courses, examination fees and     Teaching aids</i>	3	13,262,917		-	13,262,917
Donations and legacies		245,459	6,640	-	252,099
Investments		14,237		-	14,327
Other trading activities	4	1,085,450		-	1,085,450
Government Grant		255,567		-	255,567
<b>Total income</b>		<u>14,863,420</u>	<u>6,640</u>	<u>-</u>	<u>14,870,060</u>
<b>EXPENDITURE ON:</b>					
Raising funds		57,735	-	-	57,735
<b>Charitable activities</b>					
Courses, examination fees and teaching aids		14,471,390	99,606	-	14,570,996
<b>Total expenditure</b>	5	<u>14,529,125</u>	<u>99,606</u>	<u>-</u>	<u>14,628,731</u>
<b>Net income / (expenditure) before transfers</b>		334,295	(92,966)	-	241,329
Transfers		(567,954)	574,758	(6,804)	-
<b>Net income</b>		<u>(233,659)</u>	<u>481,792</u>	<u>(6,804)</u>	<u>241,329</u>
Remeasurement gains / (losses) on interest rate swaps		-	-	-	-
<b>Net movement in funds</b>		<u>(233,659)</u>	<u>481,792</u>	<u>(6,804)</u>	<u>241,239</u>
Fund balances brought forward at 1 September 2019		<u>1,100,388</u>	<u>14,967,449</u>	<u>229,066</u>	<u>16,296,903</u>
<b>Fund balance carried forward At 31 July 2020</b>		<u>866,729</u>	<u>15,449,241</u>	<u>222,262</u>	<u>16,538,232</u>

WINE AND SPIRIT EDUCATION TRUST  
(Company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 JULY 2021

24. COMPARATIVE FUNDS ANALYSIS

FUNDS GROUP	Balance at 1 August 2019 £	Income £	Expenditure £	Transfers and Gains/losses £	Balance at 31 July 2020 £
<b>Restricted funds</b>					
Peter Hampson Memorial Fund	14,779	-	-	(851)	13,928
Building Donations Fund	214,287	-	-	(5,953)	208,334
	<u>229,066</u>	<u>-</u>	<u>-</u>	<u>(6,804)</u>	<u>222,262</u>
<b>Unrestricted funds - designated</b>					
<i>Designated</i>					
Information technology	400,000	-	-	-	400,000
Business development fund	2,266,164	-	-	(1,014,935)	1,251,229
Bursary Fund	50,000	6,640	(13,349)	9,709	50,000
Open Access Fund	50,000	-	(83,257)	83,257	50,000
US and Hong Kong Office	500,000	-	-	-	500,000
Property reserve			-	1,496,727	13,198,012
	<u>14,967,449</u>	<u>6,640</u>	<u>(99,606)</u>	<u>574,758</u>	<u>15,449,241</u>
<b>Unrestricted funds - general</b>	<u>1,100,388</u>	<u>14,863,420</u>	<u>(14,529,125)</u>	<u>(567,954)</u>	<u>866,729</u>
<b>Total unrestricted funds</b>	<u>16,067,837</u>	<u>14,870,060</u>	<u>(14,628,731)</u>	<u>6,804</u>	<u>16,315,970</u>
<b>Total funds</b>	<u>16,926,903</u>	<u>14,870,060</u>	<u>(14,628,731)</u>	<u>-</u>	<u>16,538,232</u>
<b>FUNDS CHARITY</b>					
	<b>Balance at 1 August 2019 £</b>	<b>Income £</b>	<b>Expenditure £</b>	<b>Transfers and Gains/losses £</b>	<b>Balance at 31 July 2020 £</b>
<b>Restricted funds</b>					
Peter Hampson Memorial Fund	14,779	-	-	(851)	13,928
Building Donations Fund	214,287	-	-	(5,953)	208,334
	<u>229,066</u>	<u>-</u>	<u>-</u>	<u>(6,804)</u>	<u>222,262</u>
<b>Unrestricted funds - designated</b>					
Information technology	400,000	-	-	-	400,000
Business development fund	2,266,164	-	-	(1,014,935)	1,251,229
Bursary Fund	50,000	6,640	(16,349)	9,709	50,000
Open Access Fund	50,000	-	(83,257)	83,257	50,000
US and Hong Kong Office	500,000	-	-	-	500,000
Property reserve	11,701,285	-	-	1,496,727	13,198,012
	<u>14,967,449</u>	<u>6,640</u>	<u>(99,606)</u>	<u>574,758</u>	<u>15,449,241</u>
<b>Unrestricted funds - general</b>	<u>938,099</u>	<u>14,482,142</u>	<u>(14,529,125)</u>	<u>567,954</u>	<u>323,162</u>
<b>Total unrestricted funds</b>	<u>15,905,548</u>	<u>14,488,782</u>	<u>(14,628,731)</u>	<u>6,804</u>	<u>15,772,403</u>
<b>Total funds</b>	<u>16,134,614</u>	<u>14,488,782</u>	<u>(14,638,731)</u>	<u>0</u>	<u>15,994,665</u>

