

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 2023

WINE AND SPIRIT EDUCATION TRUST

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WINE AND SPIRIT EDUCATION TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

DIRECTORS AND TRUSTEES

S McMurtrie (Chairman)
J Locke
S Singh
M Beale
D Jago
L Halstead
J Thornton
K G Meikle (appointed Dec 22)
A Gibbons (resigned Dec 22)

Key Management Personnel

M Brampton - Chief Executive
I Pogue - Chief Financial Officer

Registered Office

International House
39-45 Bermondsey Street London SE1 3XF

Company Number

00964179

Charity Number

313766

PROFESSIONAL ADVISORS TO THE TRUST

Auditors

Crowe U.K. LLP, 55 Ludgate Hill, London EC4M 7JW

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

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 JULY 2023

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 2023.

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 29th May 2002 and again on 9th 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: up to three Trustees are appointed from members of the Vintners Company, up to three from the members of the Wine and Spirits Trade Association (WSTA), up to one from members of the Worshipful Company of Distillers and up to 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 9th 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.

Public Benefit

WSET recognises the role it must play in helping to make the global drinks industry a more accessible, inclusive and diverse place in which to work, in particular for individuals from ethnically diverse backgrounds and other underrepresented communities. Bursaries and a programme of charitable initiatives working with local organisations globally have provided access to WSET qualifications, funding and mentorship for many individuals facing hardship and challenges.

Activities include:

- 56 students have been funded to take WSET courses through the DEVELOP programme at The Drinks Trust in 2022 (UK).
- 15 students have taken their Level 2 Award in Wines course through an initiative in collaboration with the International Wine Education Centre located in Cape Town (IWEC) and South African based not-for-profit company the Black Cellar Club (BLACC). This is part of a three-year programme focused on upskilling individuals who would not otherwise be able to access a WSET education (South Africa).

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FOR THE YEAR ENDED 31 JULY 2023

- 30 students funded to take a WSET Level 1 Award in Wines course as part of a three-year initiative with NICI (National Indigenous Culinary Institute), with individuals receiving additional support through extra teaching time, a mentorship programme and work experience days (Australia).
- Continuing to work with our course provider in South Africa - the International Wine Education Centre to fund 50 Pinotage Youth Development Academy (PYDA) students to take a Level 2 Award in Wines as part of a development programme.

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 code of governance 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.

Organisation

The Board of Trustees, which has 8 members, administers the charity. The board meets regularly 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 working with the Chief Financial Officer.

The Trustees give their time freely, and no remuneration is paid, except for 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 Chief Financial Officer's personal business objectives.

Subsidiaries

On 21st 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 17th 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.

On 1st of November 2023, Wine and Spirit Education Trust Australia Limited, a company limited by guarantee, was incorporated in New South Wales, Australia (Australian Company Number 672609773). The principal aims of this company are to support the growing market in Australia. It is 100% controlled by the Wine and Spirit Education Trust.

WINE AND SPIRIT EDUCATION TRUST

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 JULY 2023

STRATEGIC REPORT

ACTIVITIES, ACHIEVEMENTS AND PERFORMANCE

As part of their annual strategy review, the Trustees have reviewed the aims and activities of the WSET and consider that they meet the principles of Public Benefit.

The key strategic objectives identified last year were:

- **Customer Service:** deliver our Exams Transformation Programme (EXAT) to mitigate risk around our outdated Awards Database by enhancing our CRM platform and building a self-service customer portal, enabling us to address strategic risk, reduce cost and deliver further efficiency.
Good progress was made against these objectives. Work on our CRM platform progressed as planned and within budget, with development work completed to process our Level 1 and 2 products across all categories within CRM (rather than our outdated Awards Database) and go-live in October 2023. Plans for a self-service customer portal were put on hold during the year, as a result of having to use planned capital budget for a refurbishment of our Bermondsey Street School premises ahead of schedule. Whilst this refurbishment was planned for future years, maintenance work identified that in particular the electrical infrastructure was approaching end of life, and therefore a decision was taken to address this issue and carry out refurbishment at the same time.
- **Product:** plan for launch of our Beer qualification through Educator programmes, trial courses and industry networking.
Plans for the launch of the Beer qualification remain on track, with launch due in February 2024. An initial group of APPs have been selected for launch, Educator programmes are being held in multiple countries, and trial courses have been delivered.
- **Brand:** review 'WSET' branding in the context of new products and markets
The review of 'WSET' branding has been completed, with changes planned to be implemented in 2024/25 in line with the redevelopment of our corporate website once the main EXAT programme has been completed.
- **Route to Student:** enhance our digital offering
A number of enhancements have been made to the user experience (UX) of the Online Classroom for students and APPs, to make it more enjoyable in the long-term. These included a significantly refreshed APP resources area on the OC, complete with improved UX and booking forms, and 'how to' videos, to help guide students through accessing their online courses. In addition, Level 2 in Wines was refreshed to bring it in line with the text update, as well as adding more interactivity, allowing students to study on the go. The D3 module of the Level 4 Diploma in Wines also had a similar update, making it more interactive and rationalising activities.

Key financial and KPI targets were:

- Growth in exam candidate enrolments to 146,702
- Achieve WSET Group Net Income of £1.5m
- Achieve APP satisfaction (NPS) and Student Satisfaction (NPS) scores of 60 in the long-term
- Meet Exam results processing SLA targets
- Achieve employee satisfaction (ENPS) score of +1

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FOR THE YEAR ENDED 31 JULY 2023

Actual results were:

- Growth in exam candidate enrolments to 142,757 (with deficit against target being due to delay in restarting in China and impact of Covid restrictions in that country)
- WSET Group Net Income of £1.4m, with position managed to achieve EBITDA required to meet banking covenants
- APP satisfaction (NPS) and Student Satisfaction (NPS) scores of 8 and 62 respectively against the long-term target of 60
- Whilst there were very occasional dips in meeting Exam results processing SLA targets across the year, these were largely achieved
- A decision was made to review the approach to monitoring employee satisfaction, therefore this KPI was not tracked throughout the year.

FINANCIAL REVIEW

WSET had a good financial year with net income, before impairment of owner-occupied property assets, totalling £1.4m. The property market however remained unfavourable, and impairment after revaluation took our net income to a loss of £0.4m. During the year we continued to invest in future growth specifically on Product Development and Infrastructure. This investment has contributed to the 28% income growth compared to FY22, income up to £22.1m from £17.2m.

Supporting this growth, 2023 saw an increase in expenditure of 22%, £22.6m up from £18.4m. Of the contribution towards overheads, 9% was generated by the activities of the London Wine and Spirit School, with 56% coming from the activities of WSET Examinations and 8% coming from Global Digital Learning Services. The remaining 27% was generated from sales of books/materials and investment property rental income.

WSET maintained a strong balance sheet position reporting net assets of £10.9m as at 31st July 2023. This is down on the £13.9m reported at 31st July 2022 reflecting the owner-occupied and investment property revaluations at fair market value. Loss on revaluation of Investment Properties came to £2.3m. Impairment loss of £1.9m was also recognised in year on the area of Baden Place occupied by WSET.

Investment powers and policy

Under the Memorandum and Articles of Association, the charity has the power to invest in the best interest of the charity

Reserves Policy

WSET set reserves policy using a free reserves approach. Free reserves are the total reserves available less those restricted and those designated by trustees for a specific purpose or because they are held in property. The policy is generally reviewed annually, taking into consideration the major risks faced by the charity, their likely effect on income and planned expenditure, and assessment of possible actions to mitigate those risks.

Restricted reserves (£0.2million)

These are funds the charity will spend on activities specified by the restriction of the fund.

Unrestricted reserves

These are funds over which the trustees have discretion in how they are used to further the objects of the charity.

In Accordance with Charity Commission guidance, some of these funds have been designated to mitigate the charity's financial risks and to indicate which reserves are held in property and are therefore not available as 'free' reserves.

WINE AND SPIRIT EDUCATION TRUST

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 JULY 2023

Designated Funds (£7.0million)

This is the value of the property reserve 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 secured against the property. The amount of the property funded by restricted donations amounted to £0.16m at 31st July 2023.

General Fund (£3.8million)

Monthly operational expenditure stands at c£1.7m, therefore general reserves provide approximately two months' cover. The WSET has a long-term overall group reserves policy based on three months' costs. It is recognised that post-Covid, and with a significant period of capital investment in both technology and refurbishment of the Bermondsey School, there will be an impact on achievement of this long-term policy in the next few years. The long-term policy would require free group reserves of £5.1m.

FUTURE PLANS

As set out last year, the WSET has undertaken a comprehensive review of its strategy during 2022. Our purpose is empowering people through inspiring learning experiences all over the world. To achieve this we developed six long-term strategic imperatives:

- People: create an inclusive and purposeful culture where our people feel valued, and enhance capabilities in key areas
- Route to Student (RTS): build a sustainable multi-channel strategy and commercial model
- Environmental, Social and Governance (ESG): establish a meaningful ESG agenda internally and externally
- Product: develop our portfolio of learning experiences through a student driven approach
- Customer Service: cultivate a global service mindset, underpinned by improved systems and processes
- Brand: evolve the WSET brand and build our reputation through credibility and relevance

Key initiatives against these goals for 2023/24 are:

- People: build our values and behaviours into our processes and policies. Evolve our annual review and development process, including talent mapping.
- Route to Student (RTS): develop global approach as part of direct model.
- Environmental, Social and Governance (ESG): establish 'charitable initiatives' budget and related processes and responsibilities (includes bursary funds).
- Product: launch Levels 1 and 2 of our Beer qualification in English in February 2024.
- Customer Service: continue our Exams Transformation Programme (EXAT) to mitigate risk around our outdated Awards Database, with Levels 1-4 processing across all product categories moved onto our CRM platform.
- Brand: plan for delivery of brand review and website development. Focus on candidate retention.

Key financial and KPI targets are:

- Growth in exam candidate enrolments to 155,804
- Achieve WSET Group EBITDA of £3.7m
- Meet Exam results processing SLA targets

PRINCIPAL RISKS AND UNCERTAINTIES

The Trustees have approved a risk management policy and process and are responsible for overseeing risk management as a whole and for determining the overall risk management. Trustees' policy is to review the risk register on a regular basis to ensure that the impact of financial, strategic, operational and

WINE AND SPIRIT EDUCATION TRUST

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 JULY 2023

compliance risks are minimised. Management continually reviews the risks to which the WSET could be exposed. Risks are assessed for likelihood and severity of impact. This information is then used to develop a risk management strategy, including the identification of existing operational controls and any new controls considered necessary.

Several risks and uncertainties have been identified, which are listed below in no particular order or likelihood of occurrence:

People

Our people are critical to the success of our business and we need to attract, motivate and retain the best talent we can, not only for our current needs, but also looking ahead to the organisation of the future. We undertake annual performance reviews to ensure staff are motivated and retained, and offer a range of benefits. Succession planning is undertaken for senior staff. We provide training for all our staff, including external training where relevant to specialisms.

Information and Computer Systems

WSET is heavily dependent on the integrity of our IT systems and the management of information including sensitive student and APP information. This can lead to concerns about integrity, security and other data issues. At the same time, cyber-crime is growing in frequency and sophistication and many IT systems are exposed to these threats. We run incremental backups to our onsite backup facility, then incremental/full nightly backups to our cloud based solution. These are distributed to two geographically separate data centres. In the event of a disaster we have a Disaster Recovery (DR) plan in place. As the majority of critical services are cloud based there is little impact to the business day to day. However, we can very quickly gain access to our DR sites (data centres) to ensure business can function.

We set out data protection compliance in a framework of policies and procedures. We also monitor compliance with data protection policies and regularly review the effectiveness of data handling/processing activities and security controls. We have recently used an external professional data protection services firm to conduct an audit of our policies and procedures.

Business Operations and Supply Chain

WSET depends on purchasing materials and education technology, on controlled inventory management and the timely supply of our products to our APPs and students. Some of our key products are reliant on one producer or one supplier for educational materials e.g. certificates, pins and suppliers of our digital education offerings (eBook, online exams and online courses). Therefore, where possible we have identified potential alternative suppliers. For critical suppliers which would be difficult to replace quickly, we review and monitor their financial status.

Statutory and regulatory compliance

WSET's primary object is the promotion, provision and development of high-quality education and training in wines, spirits and sake across the world. Our global reach could lead to non-compliance with statutory and regulatory requirements through lack of oversight, knowledge or training, at both local and group level. Non-compliance can lead to loss of status, recognition, reputation, customers and the imposition of penalties. We therefore employ qualified personnel at group and local levels, as well as using external professionals, and work with regulatory or statutory authorities to ensure compliance by obtaining guidance and instruction and implementing these.

Product Portfolio Development

The education industry is undergoing rapid new product innovation, digitisation and globalisation, including the rapid development of Artificial Intelligence (AI) tools. The sustainability of our business depends on creating and developing suitable educational products and examinations to meet the needs of our APPs and students to support long-term growth and securing appropriate protection for and defending our intellectual property. To mitigate this, we have a particular focus on developing our digital education tools in the current and future financial years, and have an internal team reviewing how we can use AI within our product development. We currently update exams on a 4 year cycle, and continue to review how we can improve the update process.

WINE AND SPIRIT EDUCATION TRUST

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 JULY 2023

External Environment and Economic Climate

WSET's APPs and subsidiaries operate in a variety of political, economic, and legal jurisdictions. We may therefore be impacted by legal or budgetary constraints, economic and political considerations, fluctuations in exchange rates and our ability to persuade stakeholders of the economic value of our education. It is difficult to forecast the effects of these complex factors and we therefore aim through our planning to be able to react to negative impacts which might adversely affect our performance. However, the global reach of our operations can mitigate against this risk, as markets with strong conditions can support those in a negative situation. WSET recognises the risks associated with loan covenants and potential interest rates increases and has adopted a comprehensive risk management approach to mitigate both.

Going Concern

The Trustees have reviewed the financial performance for FY23 and the FY24 budget with a cashflow forecast projection for the next 12 months. Performance in the first quarter of FY24 has been solid, with EBITDA up 39% on prior year at £1.1m. 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 stable financial performance over recent years and strong income growth in FY23, 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.

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 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 of 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.

**WINE AND SPIRIT EDUCATION TRUST
TRUSTEES' REPORT
FOR THE YEAR ENDED 31 JULY 2023**

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 1 December 2023.

A handwritten signature in black ink, appearing to read 'S. McMurtrie', followed by a long horizontal line extending to the right.

**Simon McMurtrie
Chairman**

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF WINE AND SPIRIT EDUCATION TRUST

Opinion

We have audited the financial statements of Wine and Spirit Education Trust for the year ended 31 July 2023 which comprise the Consolidated Statement of Financial Activities, Consolidated Balance Sheet, Consolidated Statement of Cashflows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 and the charitable company's affairs as at 31 July 2023 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 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 trustee's 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 charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF WINE AND SPIRIT EDUCATION TRUST

Other information

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

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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' report, which includes the directors' report and the strategic report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the trustees' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report included within the trustees' report.

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

- the parent company has not kept adequate accounting records; or
- the parent 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.

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF WINE AND SPIRIT EDUCATION TRUST

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 8, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charity 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:

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

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

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the charity operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Charities Act 2011 and Companies Act 2006 together with the Charities SORP (FRS 102). We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charity's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charity for fraud. The laws and regulations we considered in this context were Charity Commission regulations, Ofqual regulations as an awarding body, taxation matters and General Data Protection Regulation (GDPR).

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF WINE AND SPIRIT EDUCATION TRUST

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

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the timing of recognition of income, judgements made in the property valuations, and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management and the Board about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, sample testing of documentation relating to income, reviewing accounting estimates for biases, reviewing regulatory correspondence with the Charity Commission, and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

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.



Dipesh Chhatralia

Senior Statutory Auditor

For and on behalf of

Crowe U.K. LLP

Statutory Auditor

London

Date: 12 December 2023

Crowe U.K. LLP is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

WINE AND SPIRIT EDUCATION TRUST
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
(Incorporating the income and expenditure)
FOR THE YEAR ENDED 31 JULY 2023

	Notes	Unrestricted funds		Restricted funds	Total 2023	Total 2022
		General	Designated			
		£	£	£	£	£
INCOME FROM						
Charitable activities:						
Courses, examination fees and Teaching aids						
	3	21,024,862	-	-	21,024,862	15,740,941
		368,721	-	1,875	370,596	406,970
		15,057	-	-	15,057	9,041
	4	731,213	-	-	731,213	943,013
		-	-	-	-	143,040
Total income		22,139,853	-	1,875	22,141,728	17,243,005
EXPENDITURE ON						
	5	16,760,705	-	-	16,760,705	13,276,437
	5	4,311,543	-	-	4,311,543	3,330,161
	5	1,514,964	-	850	1,515,814	1,835,337
Total expenditure		22,587,212	-	850	22,588,062	18,441,935
Net (expenditure)/income before transfers		(447,359)	-	1,025	(446,334)	(1,198,930)
Transfers	17	2,050,725	(2,050,725)	-	-	-
Net income/(expenditure)		1,603,366	(2,050,725)	1,025	(446,334)	(1,198,930)
Translation adjustment		(282,682)	-	-	(282,682)	100,906
Net movement in funds		1,320,684	(2,050,725)	1,025	(729,016)	(1,098,024)
Investment Property Loss	8	-	(2,229,134)	(39,550)	(2,268,684)	(2,888,534)
Fund balances brought forward at 1 August 2022	17	2,443,045	11,269,434	219,278	13,931,757	17,918,315
Fund balances carried forward at 31 July 2023		3,763,729	6,989,575	180,753	10,934,057	13,931,757

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

Full comparative figures for 2022 are shown in note 25.
The notes on pages 19 to 34 form part of these financial statements.

WINE AND SPIRIT EDUCATION TRUST
COMPANY NUMBER: 00964179
BALANCE SHEET AS AT 31 JULY 2023

	Notes	Group 2023 £	Charity 2023 £	Group 2022 £	Charity 2022 £
FIXED ASSETS					
Tangible and Intangible assets	7	15,076,828	15,076,330	15,518,685	15,517,036
Investment property	8	12,743,289	12,743,289	15,011,973	15,011,973
		27,820,117	27,819,619	30,530,658	30,529,009
CURRENT ASSETS					
Stocks	10	1,037,990	1,037,990	1,059,348	1,059,348
Debtors	11	3,077,609	3,918,562	2,626,533	3,221,879
Cash and bank balances		1,795,884	1,333,284	841,416	408,946
		5,911,483	6,289,836	4,527,297	4,690,173
CREDITORS: Amounts falling due within one year	13	4,106,433	3,858,125	3,594,948	3,483,049
NET CURRENT ASSETS		1,805,050	2,431,711	932,349	1,207,124
TOTAL ASSET LESS CURRENT LIABILITIES		29,625,167	30,251,330	31,463,007	31,736,133
CREDITORS: Amounts falling due after more than one year	15	18,691,110	18,691,110	17,531,250	17,531,251
NET ASSETS		10,934,057	11,560,220	13,931,757	14,204,882
FUNDS					
Restricted funds	17	180,753	180,753	219,278	219,278
Unrestricted funds					
<i>Designated funds</i>	17	6,989,575	6,989,575	11,269,434	11,269,434
<i>General funds</i>	17	3,763,729	4,389,892	2,443,045	2,716,170
TOTAL FUNDS		10,934,057	11,560,220	13,931,757	14,204,882

The financial statements were approved and authorised for issue by the Board of Trustees on 1 December 2023 and were signed on its behalf by:



Simon McMurtrie
Chairman

The notes on pages 19 to 34 form part of these financial statements.

WINE AND SPIRIT EDUCATION TRUST
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 JULY 2023

	2023	2022
	£	£
Net cash inflow from operations:		
Net cash provided by operations	(a) <u>2,756,426</u>	<u>669,408</u>
Cash flows from investing activities:		
Bank interest and other investment income	15,057	9,041
Finance and other costs	(747,528)	(494,313)
Payments to acquire tangible fixed assets	(2,102,374)	(843,101)
Payments to acquire investment property	-	(111,295)
Net cash used in investing activities	<u>(2,834,845)</u>	<u>(1,439,668)</u>
Cash flows from financing activities:		
Bank loan repayments	(638,184)	(1,128,868)
Bank loan drawdown	1,671,071	-
Net cash provided by/(used in) financing activities	<u>1,032,887</u>	<u>(1,128,868)</u>
Change in cash and cash equivalents in the reporting period	954,468	(1,899,128)
Net cash and cash equivalents at beginning of period	(b) <u>841,416</u>	<u>2,740,543</u>
Net cash and cash equivalents at end of period	(b) <u>1,795,884</u>	<u>841,416</u>

A. RECONCILIATION OF NET MOVEMENT IN FUNDS TO
NET CASH INFLOW FROM OPERATIONS

	2023	2022
	£	£
Net movement in funds	(729,016)	(1,098,024)
Depreciation/Impairment	2,543,713	2,403,759
Bank interest and other investment income	(15,057)	(9,041)
Finance and other costs	747,528	494,313
Other costs	519	(6,877)
Decrease/(Increase) in stocks	21,358	(510,531)
(Increase)/decrease in debtors	(451,076)	(366,892)
Increase/(Decrease) in creditors	638,457	(237,299)
Net cash inflow from operations	<u>2,756,426</u>	<u>669,408</u>

The notes on pages 19 to 34 form part of these financial statements

WINE AND SPIRIT EDUCATION TRUST
CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2023

B ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS

	At 01-Aug 2022 £	Cashflows £	Other Changes £	At 31-Jul 2023 £
Cash and cash equivalents				
Cash	841,416	954,468	-	1,795,884
Deposit accounts	-	-	-	-
	<u>841,416</u>	<u>954,468</u>	<u>-</u>	<u>1,795,884</u>
Borrowings				
Debt due within one year	611,748	(126,972)	-	484,776
Debt due after one year	17,314,535	1,159,858	-	18,474,393
	17,926,283	1,032,886	-	18,959,169
Total	<u>(17,084,867)</u>	<u>(78,418)</u>	<u>-</u>	<u>(17,163,285)</u>

WINE AND SPIRIT EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2023

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 (FRS 102), 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 2023 and the comparative information presented in these financial statements for the year ended 31 July 2022. 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 17/10/2017. 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 expenditure for the year was £(329,586) (2022: £(1,663,407)).

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

The Trustees have reviewed the financial performance for FY23 and the FY24 budget with a cashflow forecast projection for the next 12 months. Performance in the first quarter of FY24 has been solid, with EBITDA up 39% on prior year at £1.1m. 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 stable financial performance over recent years and strong income growth in FY23, 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. Significant estimates and judgements are applied in relation to the useful economic life of fixed assets and the valuation of investment properties. An investment property revaluation exercise was undertaken for this purpose at the end of the year (see note 8 for further details). 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.

WINE AND SPIRIT EDUCATION TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2023

1. ACCOUNTING POLICIES (continued)

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.

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 deferred on the balance sheet within creditors.

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 and rental income

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

Government Grants

Government Grant income is accounted for on an accruals basis and presented as a separate line in the SOFA.

Expenditure

All expenditure is accounted for on an accrual's 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 5 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.

Support costs include governance costs and other indirect costs. Governance costs comprise all expenditure involving the public accountability of the charity and its compliance with regulation and good practice. These costs include some legal fees, the costs associated with trustees' meetings and the cost of the statutory audit plus an appropriate proportion of management time. Support costs (including Governance costs) are allocated to the costs of Raising Funds and Charitable Activities on income basis.

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.

WINE AND SPIRIT EDUCATION TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2023

1. ACCOUNTING POLICIES (continued)

Tangible and Intangible Fixed Assets

Depreciation and amortisation 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%

Only purchases over £1,500 are capitalised.

Stocks

Stocks (books, course materials, wines and spirits) have been valued at the lower of cost and net realisable value.

Financial Instruments

Basic financial instruments are initially recognised at transaction value and subsequently measured at amortised value, except for investments which are held at fair value though profit or loss. 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 include 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.

Irrecoverable VAT

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

Investment property

The Group's investment properties are valued annually on 31 July and carried at fair value. For 2023 this has been determined by an independent, professionally qualified valuer in accordance with the RICS Valuation – Professional Standards (the “Red Book”) for Baden Place and International House. The basis of this valuation was adopted to determine the fair value of Bickel's Yard property.

WINE AND SPIRIT EDUCATION TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2023

1. ACCOUNTING POLICIES (continued)

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 considered 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% (2022: 70%).

3. INCOME FROM CHARITABLE ACTIVITIES

	2023	2022
	£	£
Courses	5,578,173	4,530,675
Examinations	10,159,895	7,419,972
Teaching Aids	5,286,794	3,790,294
	<u>21,024,862</u>	<u>15,740,941</u>

4. OTHER TRADING ACTIVITIES

	2023	2022
	£	£
Investment income (Rent and service charges)	696,518	846,373
Other	34,695	96,640
	<u>731,213</u>	<u>943,013</u>

WINE AND SPIRIT EDUCATION TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2023

5. ANALYSIS OF TOTAL EXPENDITURE

	Direct Staff Costs £	Other Costs £	Depreciation £	Support Services £	Total £
Examinations & Courses	5,138,559	3,043,767	460,453	8,117,926	16,760,705
Teaching Aids	-	1,429,860	154,677	2,727,006	4,311,543
Raising Funds	<u>634,736</u>	<u>272,306</u>	<u>32,676</u>	<u>576,096</u>	1,515,814
Total expenditure	<u>5,773,295</u>	<u>4,745,933</u>	<u>647,806</u>	<u>11,421,028</u>	22,588,062

ANALYSIS OF TOTAL EXPENDITURE COMPARATIVE FOR 2022

	Direct Staff Costs £	Other Costs £	Depreciation £	Support Services £	Total £
Examinations & Courses	4,050,901	2,502,547	543,304	6,179,685	13,276,437
Teaching Aids	-	1,265,021	120,672	1,944,468	3,330,161
Raising Funds	<u>720,075</u>	<u>237,944</u>	<u>51,264</u>	<u>826,054</u>	<u>1,835,337</u>
Total expenditure	<u>4,770,976</u>	<u>4,005,512</u>	<u>715,240</u>	<u>8,950,207</u>	<u>18,441,935</u>

Support services are made up of staff costs, overheads, and other costs across non income generating departments and allocated on an income basis.

Other costs include:	2023 £	2022 £
Bank loan interest	747,528	494,313
Auditors' remuneration - UK	34,600	28,500
Auditors' remuneration - Hong Kong	2,801	2,591
Auditors' remuneration - US	17,842	15,957
Additional fees incurred for the audit of 2021/22 financial statements	29,000	-
Legal, professional and consultancy fees	235,445	286,845

WINE AND SPIRIT EDUCATION TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2023

6. STAFF COSTS

	2023	2022
	£	£
Salaries	8,736,439	5,866,004
Social Security Costs	773,089	639,628
Pension Contributions	613,807	549,767
Other Staff Costs	1,218,001	1,871,614
Redundancy Costs	116,293	38,100
	<u>11,457,629</u>	<u>8,965,113</u>

Settlement and redundancy costs totalled £116.3k (2022: £38.1k). All amounts were settled in the year.

The average number of employees was:

	2023	2022
	No.	No.
Management and administration	42	39
Training and education	140	132
	<u>182</u>	<u>171</u>

The number of higher paid employees was:

Taxable emoluments band:		
£60,001-£70,000	6	4
£70,001-£80,000	3	1
£80,001-£90,000	4	1
£90,001-£100,000	3	2
£100,001-£110,000	-	3
£110,001-£120,000	1	1
£120,001-£130,000	1	-
£130,001-£140,000	1	1
£140,001-£150,000	1	-
£210,001-£220,000	1	-
£320,001-£330,000	1	1
	<u>22</u>	<u>14</u>

Total remuneration of the key management personnel, including pension and National Insurance contributions was £569,974 (2022: £417,487).

WINE AND SPIRIT EDUCATION TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2023

7. TANGIBLE AND INTANGIBLE FIXED ASSETS

GROUP	Assets under construction	Freehold property	Educational & office equipment	IT systems	Total
Cost	£	£	£	£	£
At 1 August 2022	624,318	18,191,888	994,850	1,469,195	21,280,251
Additions in Year	1,991,616	100,597	-	10,161	2,102,374
Disposals in Year	-	-	(666,965)	(465,308)	(1,132,273)
At 31 July 2023	<u>2,615,934</u>	<u>18,292,485</u>	<u>327,885</u>	<u>1,014,048</u>	<u>22,250,352</u>
Depreciation/amortisation					
At 1 August 2022	-	4,009,901	900,023	851,642	5,761,566
Charge for year	-	465,647	37,556	145,122	648,325
Disposals in Year	-	-	(666,965)	(465,308)	(1,132,273)
Impairment	-	1,895,906	-	-	1,895,906
At 31 July 2023	<u>-</u>	<u>6,371,454</u>	<u>270,614</u>	<u>531,456</u>	<u>7,173,524</u>
Net Book Value					
At 31 July 2023	<u>2,615,934</u>	<u>11,921,031</u>	<u>57,271</u>	<u>482,592</u>	<u>15,076,828</u>
At 31 July 2022	<u>624,318</u>	<u>14,181,987</u>	<u>94,827</u>	<u>617,553</u>	<u>15,518,685</u>
CHARITY					
Assets under construction	Freehold property	Educational & office equipment	IT systems	Total	
£	£	£	£	£	
At 1 August 2022	624,318	18,191,888	871,032	1,465,534	21,152,772
Additions in Year	1,991,616	100,597	10,161	-	2,102,374
Disposals in Year	-	-	(628,212)	(465,308)	(1,093,520)
At 31 July 2023	<u>2,615,934</u>	<u>18,292,485</u>	<u>252,981</u>	<u>1,000,226</u>	<u>22,161,626</u>
Depreciation/amortisation					
At 1 August 2022	-	4,009,901	777,855	847,981	5,635,737
Charge for year	-	465,647	21,110	160,417	647,174
Disposals in Year	-	-	(628,212)	(465,308)	(1,093,520)
Impairment	-	1,895,906	-	-	1,895,906
At 31 July 2023	<u>-</u>	<u>6,371,454</u>	<u>170,753</u>	<u>543,090</u>	<u>7,085,297</u>
Net Book Value					
At 31 July 2023	<u>2,615,934</u>	<u>11,921,031</u>	<u>82,228</u>	<u>457,137</u>	<u>15,076,330</u>
At 31 July 2022	<u>624,318</u>	<u>14,181,987</u>	<u>93,178</u>	<u>617,553</u>	<u>15,517,036</u>

WINE AND SPIRIT EDUCATION TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2023

7. TANGIBLE AND INTANGIBLE FIXED ASSETS (continued)

Depreciation is charged at cost but not charged on the freehold land.

Depreciation charged to Baden Place based on floor space currently occupied by WSET (11,027 sqft out of 25,466 sqft available) 43.3%.

Assets under construction represent the development of a new CRM platform for the WSET to manage Exams and the works on refurbishment of International House.

Impairment reviews are conducted annually on the properties. Professional valuations were obtained for Baden Place and International House. Impairment of £1,895,906 was recognised in year in relation to fixed asset portion of Baden Place.

8. INVESTMENT PROPERTY

	International House	Baden Place	Bickel's Yard	2023 Total	2022 Total
Valuation	£	£	£	£	£
At 1 August 2022	1,272,873	11,909,100	1,830,000	15,011,973	16,358,373
Transfer from Fixed Assets	-	-	-	-	1,430,839
Revaluation	(59,698)	(2,156,700)	(52,286)	(2,268,684)	(2,888,534)
Additions	-	-	-	-	111,295
At 31 July 2023	1,213,175	9,752,400	1,777,714	12,743,289	15,011,973
Historic cost					
At 31 July 2023	234,059	14,290,176	1,670,240	16,194,475	16,194,475
At 31 July 2022	234,059	14,290,176	1,670,240	16,194,475	16,194,475

The investment properties at Baden Place and International House have been valued at fair value as at 31 July determined by an independent, professionally qualified valuer, in accordance with the RICS Valuation – Professional Standards (the “Red Book”). The basis of this valuation was adopted by WSET to value Bickel's Yard property. The revaluation exercise resulted on an in-year loss on the investment property and an impairment adjustment on the fixed asset element. No restrictions on income or proceeds of future disposal.

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.

Historic cost is based on purchase price of each property.

WINE AND SPIRIT EDUCATION TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2023

9. INVESTMENT IN SUBSIDIARIES

WSET Asia Pacific Limited
Room1001, 10/F, Spaces,
8 Queen's Road East
Wanchai, Hong Kong S.A.R.

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 were unrestricted:

	2023	2022
	£	£
Grant from parent charity	404,980	509,528
Total Income	588,053	356,925
Total Expenditure	(1,297,492)	(1,056,561)
Net Income	(304,459)	(190,108)
Translation adjustment	35,176	(49,479)
Fund balances brought forward	(511,510)	(271,923)
Fund balances carried forward	(780,793)	(511,510)
Total Assets	267,230	296,848
Total Liabilities	(1,048,023)	(808,358)
Net Assets	(780,793)	(511,510)

WINE AND SPIRIT EDUCATION TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2023

10. INVESTMENT IN SUBSIDIARIES (continued)

WSET Americas Inc
71 Raymond Rd.
West Hartford, CT 06107
USA

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 17th October 2017. 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. Its results for the year are summarised below. All income and expenditure in the period were unrestricted:

	2023	2022
	£	£
Grant from parent charity	-	1,249,662
Total Income	5,104,996	2,474,830
Total Expenditure	(5,160,817)	(3,073,099)
Net Income	(55,821)	651,393
Translation adjustment	(26,179)	37,826
Fund balances brought forward	223,812	(465,407)
Fund balances carried forward	141,812	223,812
Total Assets	814,278	683,275
Total Liabilities	(672,466)	(459,462)
Net Assets	141,812	223,812

WINE AND SPIRIT EDUCATION TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2023

11. STOCKS

	Group 2023 £	Group 2022 £	Charity 2023 £	Charity 2022 £
Stocks consist of:				
Wine and Spirits	286,834	317,848	286,834	317,848
Books and other Course Materials	804,635	781,099	804,635	781,099
Other materials	27,050	10,401	27,050	10,401
Stock Provision	(80,529)	(50,000)	(80,529)	(50,000)
	<u>1,037,990</u>	<u>1,059,348</u>	<u>1,037,990</u>	<u>1,059,348</u>

The value of stock released to cost of sales in the year was £1,421,763 (2022: £983,252).

12. DEBTORS

	Group 2023 £	Group 2022 £	Charity 2023 £	Charity 2022 £
Trade Debtors	2,096,812	1,890,418	1,618,240	1,483,341
Amounts due from subsidiaries	-	-	1,405,750	1,070,622
Prepayments and accrued income	888,256	741,649	813,775	674,095
Other debtors	115,121	21,306	114,505	20,661
Service Charge	21,750	-	-	-
Staff loans	299	(3,073)	299	(3,073)
Bad debt provision	(44,629)	(23,767)	(34,007)	(23,767)
	<u>3,077,609</u>	<u>2,626,533</u>	<u>3,918,562</u>	<u>3,221,879</u>

13. CREDITORS: amounts falling due within one year

	Group 2023 £	Group 2022 £	Charity 2023 £	Charity 2022 £
Course Fees Received in Advance (see Note 14)	1,187,778	1,048,240	1,187,778	1,048,240
Trade Creditors	430,625	554,573	458,151	575,267
Accruals and other creditors	1,553,724	969,113	1,351,520	868,075
Bank Loan (Secured - see Note 15)	484,776	611,748	484,776	611,748
APP Fees in Advance	373,917	344,817	308,719	313,262
Rentals in advance	28,758	68,347	28,758	68,347
Other Creditors	46,855	(1,890)	38,423	(1,890)
	<u>4,106,433</u>	<u>3,594,948</u>	<u>3,858,125</u>	<u>3,483,049</u>

WINE AND SPIRIT EDUCATION TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2023

14. ANALYSIS OF DEFERRED INCOME

	2023	2022	2023	2022
	£	£	£	£
Balance as at 1 August 2022	1,048,240	927,819	1,048,240	927,819
Amount released to incoming resources	(1,048,240)	(927,819)	(1,048,240)	(927,819)
Amount deferred in year	<u>1,187,778</u>	<u>1,048,240</u>	<u>1,187,778</u>	<u>1,048,240</u>
Balance at 31 July	<u>1,187,778</u>	<u>1,048,240</u>	<u>1,187,778</u>	<u>1,048,240</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

	2023	2022
	£	£
Group and charity		
Bank Loan (Secured)	18,474,393	17,314,535
Tenant deposits	<u>216,717</u>	<u>216,715</u>
	<u>18,691,110</u>	<u>17,531,250</u>

The bank loan is analysed as:

	2023	2022
	£	£
Repayable:		
Between one and two years	528,077	1,486,891
Between two and five years	1,169,085	2,973,782
In five years or more	<u>16,777,231</u>	<u>12,853,862</u>
	18,474,393	17,314,535
Repayable within one year	<u>484,776</u>	<u>611,748</u>
	<u>18,959,169</u>	<u>17,926,283</u>

The charity has the following loans:

- 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.

WINE AND SPIRIT EDUCATION TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2023

15. CREDITORS: amounts falling due after more than one year (continued)

- 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 was secured against Baden Place, Crosby Row, London, and its associated assets.
- A loan facility was agreed in October 2022 for £3 million with a final repayment schedule for November 2043. Interest is charged at 1.8% per annum over Base Rate. The loan is secured against Baden Place, Crosby Row, London, and its associated assets; and International House, 39-45 Bermondsey Street, London and its associated assets.

16. FINANCIAL INSTRUMENTS

	2023	2022
	£	£
Financial assets measured at fair value	12,743,289	15,011,973

Financial assets measured at fair value comprise of investment properties.

17. FUNDS – GROUP

	Balance at	Incoming	Outgoing	Transfers	Balance at
	1 August	Resources	Resources	and Gains/ Losses	31 July
	2022				2023
	£	£	£	£	£
Restricted Funds					
Peter Hampson Memorial Fund	14,158	-	(850)	-	13,308
Worshipful Co. Distillers	8,690	1,875	-	-	10,565
Building Donations	196,430	-	-	(39,550)	156,880
	<u>219,278</u>	<u>1,875</u>	<u>(850)</u>	<u>(39,550)</u>	<u>180,753</u>
Unrestricted Fund					
Designated					
Property Reserve	11,269,434	-	-	(4,279,859)	6,989,575
	11,269,434	-	-	(4,279,859)	6,989,575
General	<u>2,443,045</u>	<u>22,139,853</u>	<u>(22,587,212)</u>	<u>1,768,043</u>	<u>3,763,729</u>
Total unrestricted funds	<u>13,712,479</u>	<u>22,139,853</u>	<u>(22,587,212)</u>	<u>(2,511,816)</u>	<u>10,753,304</u>
Total Funds	<u>13,931,757</u>	<u>22,141,728</u>	<u>(22,588,062)</u>	<u>(2,551,366)</u>	<u>10,934,057</u>

WINE AND SPIRIT EDUCATION TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2023

17. FUNDS - CHARITY

	Balance at 1 August 2022	Incoming Resources	Outgoing Resources	Transfers and Gains/ Losses	Balance at 31 July 2023
	£	£	£	£	£
Restricted Funds					
Peter Hampson Memorial Fund	14,158	-	(850)	-	13,308
Worshipful Co. Distillers	8,690	1,875	-	-	10,565
Building Donations	196,430	-	-	(39,550)	156,880
	<u>219,278</u>	<u>1,875</u>	<u>(850)</u>	<u>(39,550)</u>	<u>180,753</u>
Unrestricted Fund					
Designated					
Property Reserve	11,269,434	-	-	(4,279,859)	6,989,575
	11,269,434	-	-	(4,279,859)	6,989,575
General	<u>2,716,170</u>	<u>19,527,823</u>	<u>(19,858,434)</u>	<u>2,004,333</u>	<u>4,389,892</u>
Total unrestricted funds	<u>13,985,604</u>	<u>19,527,823</u>	<u>(19,858,434)</u>	<u>(2,275,526)</u>	<u>11,379,467</u>
Total Funds	<u>14,204,882</u>	<u>19,529,698</u>	<u>(19,859,284)</u>	<u>(2,315,076)</u>	<u>11,560,220</u>

Restricted Funds

Peter Hampson Memorial fund - An investment 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.

WINE AND SPIRIT EDUCATION TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2023

18. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Fixed Assets £	Net Current Assets £	Long Term Liabilities £	Total £
Restricted Funds	156,880	23,873	-	180,753
Unrestricted Funds	27,663,237	1,781,177	(18,691,110)	10,753,304
	27,820,117	1,805,050	(18,691,110)	10,934,057

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 the year amounted to £613,807 (2022: £549,767).

20. OPERATING LEASES

Income from operating leases

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

	2023 £	2022 £
Due in less than one year	523,197	804,930
Due in two to five years	792,235	1,676,511
	1,315,432	2,481,441

Baden Place, Crosby Row was purchased in September 2018 by the Trust as an investment. Of the total area of 25,461 square feet WSET has been occupying 11,022 square feet since August 2019. The remaining space of 14,439 sq ft is in rentable condition and was let for the full year except for Units 1, 13 & 14 (5,053 square feet) which was let to one tenant until 30/01/2023 when the tenant exercised their break clause. A replacement tenant for these units has not yet been found. The investments returned a rental of £644k in the year ended 31st July 2023. Rental income for the year ended 31st July 2024 is expected to be £523k and for the next four years is expected to provide an income of £0.8m. This reduction in rental income against prior year is reflective of the lease exit at Baden Place and assumes a replacement tenant cannot be found.

Operating lease expenditure

As at 31 July 2023 the group had no annual commitments under non-cancellable operating leases.

WINE AND SPIRIT EDUCATION TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2023

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

Allen Gibbons and Kirsten Grant Meikle are members of the Worshipful Company of Distillers who donated a total of £1,865 to WSET in the year.

Miles Beale is a member of the Board of the Wine & Spirit Trade Association, that is a tenant of the WSET for accommodation with a rental value of £55,000 per annum. WSET also sold £3,830 worth of educational services to WSTA in the year. WSET purchased £536 worth of subscription services in the year from WSTA.

Joanna Locke is a member and representative of the Institute of Masters of Wine from whom WSET purchases membership fees and training for its staff totalling £13,356 in the year.

There were no claims made from trustees for reimbursement in the year.

Transactions to and from subsidiary entities have been disclosed in Note 9

23. Commitments

WSET has a contractual commitment of £1,004K in respect of works on refurbishment of International House.

24. Subsequent events

On 1st of November 2023, Wine and Spirit Education Trust Australia Limited, a company limited by guarantee, was incorporated in New South Wales, Australia (Australian Company Number 672609773). The principal aims of this company are to support the growing market in Australia. It is 100% controlled by the Wine and Spirit Education Trust.

WINE AND SPIRIT EDUCATION TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2023

25. COMPARATIVE CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted funds		Restricted funds £	Total 2022 £
	General £	Designated £		
Income from				
Charitable activities:				
Courses, examination fees and Teaching aids	15,740,941	-	-	15,740,941
Donations and legacies	397,974	-	8,996	406,970
Investments	9,041	-	-	9,041
Other trading activities	943,013	-	-	943,013
Government grant	143,040	-	-	143,040
Total income	17,234,009	-	8,996	17,243,005
Expenditure on				
Examinations & courses	13,276,437	-	-	13,276,437
Teaching aids	3,330,161	-	-	3,330,161
Raising funds	1,832,881	-	2,456	1,835,337
Total expenditure	18,439,479	-	2,456	18,441,935
Net (expenditure)/income before transfers	(1,205,470)	-	6,540	(1,198,930)
Transfers	5,555,733	(5,549,781)	(5,952)	-
Net income	4,350,263	(5,549,781)	588	(1,198,930)
Translation adjustment	100,906	-	-	100,906
Net movement in funds	4,451,169	(5,549,781)	588	(1,098,024)
Investment Property Loss	(2,888,534)	-	-	(2,888,534)
Funds balances brought forward at 1 August 2021	880,410	16,819,215	218,690	17,918,315
Fund balances carried forward at 31 July 2022	2,443,045	11,269,434	219,278	13,931,757