

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 2024

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 (resigned Dec 23)
G Bell (appointed Jul 24)

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 2024

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 2024.

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.

During the year 500 individuals benefited through bursaries and social impact projects across more than 11 countries throughout EMEA, UK, APAC and Americas. We supported 17 separate social impact projects in collaboration with over 25 partners, charities and WSET course providers.

Activities included:

- Sponsoring 24 mentees as part of the Women in Beer mentorship programme to take the WSET Level 1 Award in Beer course (UK). The programme aims to give women starting out in the beer industry the resources and skills to accelerate their career development and build the confidence to pursue new opportunities.

WINE AND SPIRIT EDUCATION TRUST

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 JULY 2024

- 240 individuals received bursaries to take WSET courses in wine, spirits and sake through The Drinks Trusts' Develop programme in 2023 (UK). The programme aims to help lift people out of long-term hardship and to grow the UK drinks and hospitality industry workforce.
- Partnering with The Roots Fund to sponsor 15 individuals to take the WSET Level 1 and Level 2 Awards in Spirits (USA). The programme aims to empower and create economic opportunity for communities of colour in the spirits industry.
- 50 students supported to take WSET's Level 2 Award in Wines course through the Pinotage Youth Development Programme (PYDA). 23/24 achieved the programme's best results to date with seven individuals achieving a Distinction and 23 gaining a Merit. The PYDA's year-long programme helps young people (18-25) from under-resourced areas and disadvantaged backgrounds gain employment and meaningful economic opportunities within the wine industry (South Africa).

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 2024

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.

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 were:

- People: build our values and behaviours into our processes and policies. Evolve our annual review and development process, including talent mapping.
The organisation continues to focus on ensuring how we operate reflects our values and behaviours. Our annual review process has been streamlined, and talent mapping sessions have been held as part of planning staff development.
- Route to Student (RTS): develop global approach as part of direct model.
A project group was established to develop this, including production of our Global Growth Plan and development of systems and processes to aid our direct model. Implementation of these initiatives will be in 2024/25 (see below).
- Environmental, Social and Governance (ESG): establish 'charitable initiatives' budget and related processes and responsibilities (includes bursary funds).
This budget and related processes and responsibilities were established, giving clarity and structure to our 'charitable initiatives' (see Public Benefit section)
- Product: launch Levels 1 and 2 of our Beer qualification in English in February 2024.
These new qualifications were launched as planned.
- 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.
Good progress has been made against this objective, with Levels 1 and 2 moved onto our CRM platform. To try and ensure the success of the move of the higher and more complex Levels 3 and 4, the development and testing period of this phase has been extended, and move is now planned for Spring 2025.
- Brand: plan for delivery of brand review and website development. Focus on candidate retention.
Plan is in place, with some brand review work carried out for implementation in 2024/25, and a new digital partner was selected to host and develop the website in 2024/25.

WINE AND SPIRIT EDUCATION TRUST

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 JULY 2024

Key financial and KPI targets were:

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

Actual results were:

- Exam candidate enrolments achieved were 134,212. It became clear during the year that the record enrolments achieved in 2022/23 were partially due to pent up demand during COVID and the disrupted aftermath across the world, which hampered in-person courses. The enrolments achieved in 2023/24, whilst well below target, were still 17% higher than 2022/23.
- WSET Group EBITDA was £3.5m, just slightly below target.
- Exams results processing SLA targets were largely achieved, with 99% or 100% achieved at most points.

FINANCIAL REVIEW

WSET had a good financial year with net income, before impairment of owner-occupied property assets, totalling £1.2m. The property market remained unfavourable, and impairment after revaluation took our net income to a loss of £0.2m. During the year we continued to invest in future growth specifically on Product Development and Infrastructure. This investment has contributed to the 4% income growth compared to FY23, income up to £22.9m from £22.1m.

Supporting this growth, 2024 saw an increase in expenditure of 3%, £23.2m up from £22.6m. Of the contribution towards overheads, 12% was generated by the activities of the London School, 55% came from the activities of WSET Examinations and 9% from Global Digital Learning Services. The remaining 24% was generated from sales of books/materials and investment property rental income.

WSET maintained a strong balance sheet position reporting net assets of £8.4m at 31st July 2024. This is down on the £10.9m reported at 31st July 2023 reflecting the owner-occupied and investment property revaluations at fair market value. Loss on revaluation of Investment Properties came to £2.1m. Impairment loss of £1.4m 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 (£24k)

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.

WINE AND SPIRIT EDUCATION TRUST

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 JULY 2024

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.

Designated Funds (£4.77million)

This is the value of the property reserve which equates to the amount currently invested in the charity's property, excluding the value of mortgages secured against the property.

General Fund (£3.64million)

Monthly operational expenditure stands at c£1.8m, therefore general reserves provide just over two months' cover. The WSET has a long-term overall group reserves policy based on three months' costs. It is recognised that the significant period of capital investment in both technology and refurbishment of the Bermondsey School will impact on achievement of this long-term policy in the next few years. The long-term policy would require free group reserves of £5.4m. Following completion of our Exams Transformation Programme (EXAT) in the current year, capital spend will be reduced significantly to allow build up of reserves in the following years.

FUTURE PLANS

Key initiatives against our goals for 2024/25 are:

- **People:** embed leadership capability across the Leadership Team and Senior leaders. Review benefits to international staff and create a recognition programme.
- **Route to Student:** as part of our Global Growth Plan, implement agreed Global market prioritisation for investment. Build Direct to Business capability.
- **Environmental, Social and Governance (ESG):** promote Partnerships approach and social impact projects. Complete initial ESG analysis and reporting, with data to be published internally in December 2024.
- **Product:** update Level 3 Spirits content and materials to improve educator and student experience. Improve classroom resources for Level 3 Wines to support delivery and exams, and plan for restructure/rewrite of the course.
- **Customer Service:** as part of EXAT, move Levels 3 and 4 exam processing onto our CRM platform. Introduce Digital Certificates on an opt-in basis. Embed new Customer Services team and enquiry management in CRM.
- **Brand:** refresh WSET brand to align with our purpose/strategic direction and support future growth. Scope and build a new customer-centric website with an integrated customer portal that embodies our brand and offers a seamless customer journey.

Key financial and KPI targets are:

- Growth in exam candidate enrolments to 147,250
- Achieve WSET Group EBITDA of £4.1m
- Meet Exam results processing SLA targets

WINE AND SPIRIT EDUCATION TRUST

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 JULY 2024

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 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.

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.

WINE AND SPIRIT EDUCATION TRUST

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 JULY 2024

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.

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 rate increases and has adopted a comprehensive risk management approach to mitigate both.

Going Concern

The Trustees have reviewed the financial performance for FY24 and the FY25 budget with a cashflow forecast projection for the next 12 months. Performance in the first quarter of the financial year has been below expectations, with EBITDA at £0.9m (£0.2m down on prior year), but latest forecast combined with implementation of a contingency plan indicates that targets for FY25 can still be achieved. 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 income and EBITDA growth in FY24, a diverse geographic spread across 4 reporting regions (EMEA, APAC, Americas and Australia), continued place as global market leader for wine and spirits education, and subsidiary operations to grow business in Americas, APAC and Australia.

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

**WINE AND SPIRIT EDUCATION TRUST
TRUSTEES' REPORT
FOR THE YEAR ENDED 31 JULY 2024**

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.

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 6 December 2024.

A handwritten signature in black ink, consisting of a stylized 'S' followed by a long, sweeping horizontal line that ends in a small upward curve.

**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 2024 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 2024 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.

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.

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

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.

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.

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

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).

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.

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

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 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: 11 December 2024

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 2024

	Notes	Unrestricted funds		Restricted funds	Total 2024	Total 2023
		General	Designated		£'000	£'000
		£'000	£'000	£'000	£'000	£'000
INCOME FROM						
Charitable activities:						
Courses, examination						
fees and Teaching aids	3	21,801	-	-	21,801	21,025
Donations and legacies		399	-	2	401	371
Investments		35	-	-	35	15
Other trading activities	4	710	-	-	710	731
Total income		22,945	-	2	22,947	22,142
EXPENDITURE ON						
Examination and courses	5	17,449	-	-	17,449	16,761
Teaching costs	5	4,327	-	-	4,327	4,311
Raising funds	5	1,398	-	2	1,400	1,516
Total expenditure		23,174	-	2	23,176	22,588
Net (expenditure) before transfers		(229)	-	-	(229)	(446)
Transfers	18	311	(154)	(157)	-	-
Net income/(expenditure)		82	(154)	(157)	(229)	(446)
Translation adjustment		(207)	-	-	(207)	(283)
Net movement in funds		(125)	(154)	(157)	(436)	(729)
Investment Property Loss	8	-	(2,065)	-	(2,065)	(2,269)
Fund balances brought forward at 1 August 2023	18	3,764	6,990	181	10,935	13,933
Fund balances carried forward at 31 July 2024		3,639	4,771	24	8,434	10,935

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

Full comparative figures for 2023 are shown in note 25.
The notes on pages 18 to 35 form part of these financial statements.

WINE AND SPIRIT EDUCATION TRUST
COMPANY NUMBER: 00964179
BALANCE SHEET AS AT 31 JULY 2024

		Group	Group	Charity	Charity
		2024	2023	2024	2023
	Notes	£'000	£'000	£'000	£'000
FIXED ASSETS					
Tangible and Intangible assets	7	15,255	15,077	15,255	15,076
Investment property	8	10,680	12,743	10,680	12,743
		25,935	27,820	25,935	27,819
CURRENT ASSETS					
Stocks	12	917	1,038	917	1,038
Debtors	13	2,898	3,078	4,290	3,919
Cash and bank balances		2,299	1,796	1,869	1,333
		6,114	5,912	7,076	6,290
TOTAL ASSETS		32,049	33,732	33,011	34,109
RESERVES AND LIABILITIES					
FUNDS					
Restricted funds	18	24	181	24	181
Unrestricted funds	18	8,410	10,754	9,535	11,379
		8,434	10,935	9,559	11,560
LIABILITIES					
Creditors	14, 16	23,615	22,797	23,452	22,549
TOTAL RESERVES AND LIABILITIES		32,049	33,732	33,011	34,109

The financial statements were approved and authorised for issue by the Board of Trustees on 6 December 2024 and were signed on its behalf by:



Simon McMurtrie
Chairman

The notes on pages 18 to 35 form part of these financial statements.

WINE AND SPIRIT EDUCATION TRUST
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 JULY 2024

	2024	2023
	£'000	£'000
Net cash inflow from operations:		
Net cash provided by operations	(a) <u>3,443</u>	<u>2,756</u>
Cash flows from investing activities:		
Bank interest and other investment income	35	15
Finance and other costs	(1,364)	(748)
Payments to acquire tangible fixed assets	(2,810)	(2,102)
Payments relating to investment property	<u>(121)</u>	<u>-</u>
Net cash used in investing activities	<u>(4,260)</u>	<u>(2,835)</u>
Cash flows from financing activities:		
Loan repayments	(622)	(638)
Bank loan drawdown	1,329	1,671
Finance lease	613	-
Net cash provided by financing activities	<u>1,320</u>	<u>1,033</u>
Change in cash and cash equivalents in the reporting period	503	954
Net cash and cash equivalents at beginning of period	<u>1,795</u>	<u>841</u>
Net cash and cash equivalents at end of period	(b) <u>2,298</u>	<u>1,795</u>

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

	2024	2023
	£'000	£'000
Net movement in funds	(436)	(729)
Depreciation/Impairment	2,632	2,544
Bank interest and other investment income	(35)	(15)
Finance and other costs	1,364	748
Other costs	(2)	1
Decrease in stocks	121	21
Decrease/(increase) in debtors	180	(451)
(Decrease)/increase in creditors	<u>(382)</u>	<u>638</u>
Net cash inflow from operations	<u>3,442</u>	<u>2,757</u>

The notes on pages 18 to 35 form part of these financial statements

WINE AND SPIRIT EDUCATION TRUST
CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2024

B. ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS

	At 01-Aug 2023 £'000	Cashflows £'000	Other Changes £'000	At 31-Jul 2024 £'000
Cash and cash equivalents				
Cash	1,796	503	-	2,299
	<u>1,796</u>	<u>503</u>	<u>-</u>	<u>2,299</u>
Borrowings				
Debt due within one year	485	890	18,474	19,849
Debt due after one year	18,474	430	(18,474)	430
	<u>18,959</u>	<u>1,320</u>	<u>-</u>	<u>20,279</u>
Total	<u>(17,163)</u>	<u>(817)</u>	<u>-</u>	<u>(17,980)</u>

WINE AND SPIRIT EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2024

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 Trustees have adopted balance sheet Format 2, outlined in the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, as they feel that this is a fairer representation of the financial position of the Group and Charity.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 31 July 2024 and the comparative information presented in these financial statements for the year ended 31 July 2023. 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 was incorporated in Hong Kong on 21 October 2015 and WSET Americas Inc. was incorporated in New York on 17 October 2017. There were no income or expenditure for the year in WSET Australia Limited, a wholly controlled charitable company incorporated in Australia on 1 November 2023. 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 £(2,002k) (2023: £(330k)).

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 FY24 and the FY25 budget with a cashflow forecast projection for the next 12 months. Performance in the first quarter of the financial year has been below expectations, with EBITDA at £0.9m (£0.2m down on prior year), but latest forecast combined with implementation of a contingency plan indicates that targets for FY25 can still be achieved. 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 income growth in FY24, 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

WINE AND SPIRIT EDUCATION TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2024

1. ACCOUNTING POLICIES (continued)

apparent from other sources. Significant estimates and judgements are applied in relation to the useful economic life of tangible and intangible 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.

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 accrual basis.

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.

WINE AND SPIRIT EDUCATION TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2024

1. ACCOUNTING POLICIES (continued)

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.

Tangible and Intangible Fixed Assets

Tangible assets including any incidental expenses of acquisition are capitalised and recorded at cost. Intangible assets and development costs are recognised in accordance with FRS 102. Depreciation/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%
Product development	- Over 5 years

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 through 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 2024 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. A hybrid valuation approach was used for Bickel's Yard, which includes using both a professional valuation (based on International House as a proxy) and comparative data from the property market for similar properties.

WINE AND SPIRIT EDUCATION TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2024

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 75% (2023: 70%).

3. INCOME FROM CHARITABLE ACTIVITIES

	2024	2023
	£'000	£'000
Courses	6,230	5,578
Examinations	10,370	10,160
Teaching Aids	5,201	5,287
	<u>21,801</u>	<u>21,025</u>

4. OTHER TRADING ACTIVITIES

	2024	2023
	£'000	£'000
Investment income (Rent and service charges)	639	696
Other	71	35
	<u>710</u>	<u>731</u>

WINE AND SPIRIT EDUCATION TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2024

5. ANALYSIS OF TOTAL EXPENDITURE

	Direct Staff Costs	Other Costs	Depreciation	Support Services	Total
	£'000	£'000	£'000	£'000	£'000
Examinations & Courses	5,346	3,258	886	7,960	17,450
Teaching Aids	-	1,557	276	2,494	4,327
Raising Funds	547	242	61	549	1,399
Total expenditure	5,893	5,057	1,223	11,003	23,176

ANALYSIS OF TOTAL EXPENDITURE COMPARATIVE FOR 2023

	Direct Staff Costs	Other Costs	Depreciation	Support Services	Total
	£'000	£'000	£'000	£'000	£'000
Examinations & Courses	5,139	3,044	460	8,118	16,761
Teaching Aids	-	1,430	155	2,726	4,311
Raising Funds	635	272	33	576	1,516
Total expenditure	5,774	4,746	648	11,420	22,588

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:	2024	2023
	£'000	£'000
Bank loan interest	1,364	748
Auditors' remuneration - UK	37	35
Auditors' remuneration - Hong Kong	3	3
Auditors' remuneration - US	19	18
Additional fees incurred for the audit of 2021/22 financial statements	-	29
Legal, professional and consultancy fees	74	264

WINE AND SPIRIT EDUCATION TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2024

6. STAFF COSTS

	2024	2023
	£'000	£'000
Salaries	8,937	8,737
Social Security Costs	818	773
Pension Contributions	724	614
Other Staff Costs	670	1,218
Redundancy Costs	9	116
	11,158	11,458

Settlement and redundancy costs totalled £9k (2023: £116.3k). All amounts were settled in the respective years.

The average number of employees was:

	2024	2023
	No.	No.
Management and administration	44	42
Training and education	148	140
	192	182

The number of higher paid employees was:

Taxable emoluments band:

£60,001-£70,000	8	6
£70,001-£80,000	8	3
£80,001-£90,000	2	4
£90,001-£100,000	2	3
£100,001-£110,000	1	-
£110,001-£120,000	1	1
£120,001-£130,000	1	1
£130,001-£140,000	1	1
£140,001-£150,000	-	1
£200,001-£210,000	1	-
£210,001-£220,000	-	1
£220,001-£230,000	1	-
£320,001-£330,000	-	1
	26	22

Total remuneration of the key management personnel, including pension and National Insurance contributions was £456,482 (2023: £569,974).

WINE AND SPIRIT EDUCATION TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2024

7. TANGIBLE AND INTANGIBLE FIXED ASSETS

GROUP	Assets under construction	Freehold property	Educational & office equipment	IT systems	Product Development	Total
Cost	£'000	£'000	£'000	£'000	£'000	£'000
At 1 August 2023	2,616	18,292	328	1,014	-	22,250
Additions in Year	959	1,310	20	521	-	2,810
Transfers in Year	(2,599)	493	-	1,658	448	0
At 31 July 2024	<u>976</u>	<u>20,095</u>	<u>348</u>	<u>3,193</u>	<u>448</u>	<u>25,060</u>
Depreciation/amortisation						
At 1 August 2023	-	6,371	271	531	-	7,173
Charge for year	-	558	34	568	63	1,223
Impairment	-	1,409	-	-	-	1,409
At 31 July 2024	<u>-</u>	<u>8,338</u>	<u>305</u>	<u>1,099</u>	<u>63</u>	<u>9,805</u>
Net Book Value						
At 31 July 2024	<u>976</u>	<u>11,757</u>	<u>43</u>	<u>2,094</u>	<u>385</u>	<u>15,255</u>
At 31 July 2023	<u>2,616</u>	<u>11,921</u>	<u>57</u>	<u>483</u>	<u>-</u>	<u>15,077</u>
CHARITY						
Assets under construction	Freehold property	Educational & office equipment	IT systems	Product Development	Total	
Cost	£'000	£'000	£'000	£'000	£'000	
At 1 August 2023	2,616	18,292	243	1,010	-	22,161
Additions in Year	959	1,310	20	521	-	2,810
Transfers in Year	(2,599)	493	-	1,658	448	0
At 31 July 2024	<u>976</u>	<u>20,095</u>	<u>263</u>	<u>3,189</u>	<u>448</u>	<u>24,971</u>
Depreciation/amortisation						
At 1 August 2023	-	6,371	186	528	-	7,085
Charge for year	-	558	33	568	63	1,222
Impairment	-	1,409	-	-	-	1,409
At 31 July 2024	<u>-</u>	<u>8,338</u>	<u>219</u>	<u>1,096</u>	<u>63</u>	<u>9,716</u>
Net Book Value						
At 31 July 2024	<u>976</u>	<u>11,757</u>	<u>44</u>	<u>2,093</u>	<u>385</u>	<u>15,255</u>
At 31 July 2023	<u>2,616</u>	<u>11,921</u>	<u>57</u>	<u>482</u>	<u>-</u>	<u>15,076</u>

WINE AND SPIRIT EDUCATION TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2024

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 comprise the development of our qualification products and of a new CRM platform for the WSET to manage Exams.

Impairment reviews are conducted annually on the properties. Professional valuations were obtained for Baden Place and International House. Impairment of £1,409k was recognised in year in relation to fixed asset portion of Baden Place.

8. INVESTMENT PROPERTY

	International House	Baden Place	Bickel's Yard	2024 Total	2023 Total
Valuation	£'000	£'000	£'000	£'000	£'000
At 1 August 2023	1,213	9,752	1,778	12,743	15,012
Transfer from Fixed Assets	2	-	-	2	-
Revaluation	(24)	(2,041)	-	(2,065)	(2,269)
At 31 July 2024	1,191	7,711	1,778	10,680	12,743
Historic cost					
At 31 July 2024	234	14,290	1,670	16,194	16,194
At 31 July 2023	234	14,290	1,670	16,194	16,194

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 revaluation exercise resulted on an in-year loss on the investment property and an impairment adjustment on the fixed asset element. This places no restrictions on income or proceeds of future disposal. A hybrid valuation approach was used for Bickel's Yard, which includes using both a professional valuation (based on International House as a proxy) and comparative data from the property market for similar properties.

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 16 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 2024

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:

	2024	2023
	£'000	£'000
Grant from parent charity	260	405
Total Income	637	588
Total Expenditure	(1,147)	(1,297)
Net Income	(250)	(304)
Translation adjustment	(1)	35
Fund balances brought forward	(781)	(512)
Fund balances carried forward	(1,032)	(781)
Total Assets	252	267
Total Liabilities	(1,284)	(1,048)
Net Assets	(1,032)	(781)

WINE AND SPIRIT EDUCATION TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2024

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:

	2024	2023
	£'000	£'000
Total Income	4,735	5,105
Total Expenditure	(4,960)	(5,161)
Net Income	(225)	(56)
Translation adjustment	(23)	(26)
Fund balances brought forward	142	224
Fund balances carried forward	(106)	142
Total Assets	780	814
Total Liabilities	(886)	(672)
Net Assets	(106)	142

11. INVESTMENT IN SUBSIDIARIES (continued)

WSET Australia Limited
Level 24, 1 O'Connell Street
Sydney, New South Wales, 2000
Australia

WSET Australia Limited, a company limited by guarantee, was incorporated in 1 November 2023 in New South Wales, Australia with 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. Its trading results for the year were £nil.

WINE AND SPIRIT EDUCATION TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2024

12. STOCKS

	Group	Group	Charity	Charity
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Stocks consist of:				
Wine and Spirits	185	287	185	287
Books and other Course Materials	844	805	844	805
Other materials	37	27	37	27
Stock Provision	(150)	(81)	(150)	(81)
	916	1,038	916	1,038

The value of stock released to cost of sales in the year was £1,540k (2023: £1,422k).

13. DEBTORS

	Group	Group	Charity	Charity
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Trade Debtors	1,870	2,052	1,472	1,584
Amounts due from subsidiaries	-	-	1,934	1,406
Prepayments and accrued income	859	888	743	814
Other debtors	140	115	139	115
Service Charge	27	22	-	-
Staff loans	2	-	2	-
	2,898	3,077	4,290	3,919

WINE AND SPIRIT EDUCATION TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2024

14. CREDITORS

	Group	Group	Charity	Charity
	2024	2023	2024	2023
Amounts falling due within one year	£'000	£'000	£'000	£'000
Course Fees Received in Advance (see Note 15)	1,070	1,188	1,070	1,188
Trade Creditors	616	431	654	458
Accruals and other creditors	1,043	1,554	960	1,353
Bank Loan (Secured - see Note 16)	19,849	485	19,849	485
APP Fees in Advance	460	374	348	309
Rentals in advance	30	29	30	29
Other Creditors	21	47	15	38
	23,089	4,108	22,926	3,860
Amounts falling due after more than one year				
Bank loan (Secured)	-	18,474	-	18,474
Finance lease	430	-	430	-
Tenant deposits	96	215	96	215
	526	18,689	526	18,689
	23,615	22,797	23,452	22,549

15. ANALYSIS OF DEFERRED COURSE FEES

	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Balance at 1 August 2023	1,188	1,048	1,188	1,048
Amount released to incoming resources	(1,188)	(1,048)	(1,188)	(1,048)
Amount deferred in year	1,070	1,188	1,070	1,188
Balance at 31 July	1,070	1,188	1,070	1,188

WINE AND SPIRIT EDUCATION TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2024

16. Borrowings

	2024	2023
	£'000	£'000
Group and charity		
Repayable:		
Between one and two years	119	528
Between two and five years	284	1,169
In five years or more	27	16,777
	430	18,474
Repayable within one year	19,849	485
	20,279	18,959

The covenant attached to the bank loan has not been breached. However, due to the terms of the loan, the bank could require repayment within 12 months after the year-end. We have, therefore, included the bank loan repayment as due within one year, in line with Section 4.7 of FRS 102 regarding unconditional rights to defer settlement.

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.
- 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.

WINE AND SPIRIT EDUCATION TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2024

17. FINANCIAL INSTRUMENTS

	2024	2023
	£'000	£'000
Financial assets measured at fair value	10,680	12,743

Financial assets measured at fair value comprise of investment properties.

18. FUNDS – GROUP

	Balance at 1 August 2023	Incoming Resources	Outgoing Resources	Transfers and Gains/ Losses	Balance at 31 July 2024
	£'000	£'000	£'000	£'000	£'000
Restricted Funds					
Peter Hampson Memorial Fund	13	-	(1)	-	12
Worshipful Co. Distillers	11	2	(1)	-	12
Building Donations	157	-	-	(157)	-
	<u>181</u>	<u>2</u>	<u>(2)</u>	<u>(157)</u>	<u>24</u>
Unrestricted Fund Designated					
Property Reserve	6,990	-	-	(2,219)	4,771
	6,990	-	-	(2,219)	4,771
General	<u>3,764</u>	<u>22,945</u>	<u>(23,174)</u>	<u>104</u>	<u>3,639</u>
Total unrestricted funds	<u>10,754</u>	<u>22,945</u>	<u>(23,174)</u>	<u>(2,115)</u>	<u>8,410</u>
Total Funds	<u>10,935</u>	<u>22,947</u>	<u>(23,176)</u>	<u>(2,272)</u>	<u>8,434</u>

WINE AND SPIRIT EDUCATION TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2024

18. FUNDS - CHARITY

	Balance at 1 August 2023 £'000	Incoming Resources £'000	Outgoing Resources £'000	Transfers and Gains/ Losses £'000	Balance at 31 July 2024 £'000
Restricted Funds					
Peter Hampson Memorial Fund	13	-	(1)	-	12
Worshipful Co. Distillers	11	2	(1)	-	12
Building Donations	157	-	-	(157)	-
	<u>181</u>	<u>2</u>	<u>(2)</u>	<u>(157)</u>	<u>24</u>
Unrestricted Fund					
Designated					
Property Reserve	6,990	-	-	(2,219)	4,771
	6,990	-	-	(2,219)	4,771
General	<u>4,389</u>	<u>20,515</u>	<u>(20,456)</u>	<u>316</u>	<u>4,764</u>
Total unrestricted funds	<u>11,379</u>	<u>20,515</u>	<u>(20,456)</u>	<u>(1,903)</u>	<u>9,535</u>
Total Funds	<u>11,560</u>	<u>20,517</u>	<u>(20,458)</u>	<u>(2,060)</u>	<u>9,559</u>

Restricted Funds

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

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

Building Donations fund, created from donations received for the acquisition of the freehold in Bermondsey Street, has been transferred to the property reserve as part of streamlining funds of the same purpose.

Designated Funds

Property Reserve - This represents the fund amount currently invested in the Charity's property excluding 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 2024

19. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Fixed Assets	Net Current Assets	Long Term Liabilities	Total
	£'000	£'000	£'000	£'000
Restricted Funds	-	24	-	24
Unrestricted Funds	25,935	2,180	(19,705)	8,410
	<u>25,935</u>	<u>2,204</u>	<u>(19,705)</u>	<u>8,434</u>

20. 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 £723,722 (2023: £613,807).

21. 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:

	2024	2023
	£'000	£'000
Due in less than one year	401	523
Due in two to five years	653	792
Due after five years	454	-
	<u>1,508</u>	<u>1,315</u>

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 remained unoccupied since 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 £632k in the year ended 31st July 2024. Rental income for the year ending 31st July 2025 is expected to be £401k and for the next four years is expected to provide an income of £653k. The expected rental income of £454k after five years reflects the long-term lease secured from letting premises not occupied by the School at International House, Bermondsey Street.

Operating lease expenditure

As at 31 July 2024 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 2024

22. FINANCE LEASES

During the year, the Charity has entered into hire purchase agreement funding the School refurbishment works with a carrying amount of £646k (2023: £nil) at the balance sheet date. The future minimum payments under these agreements are £164k within one year, £533k between two and four years.

23. 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.

24. RELATED PARTY TRANSACTIONS

Kirsten Grant Meikle is a member of the Worshipful Company of Distillers who donated a total of £2,000 (2023: £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 (2023: £55,000) per annum. WSET also sold £4,370 (2023: £3,830) worth of educational services to WSTA in the year. WSET purchased £554 (2023: £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 £6,810 (2023: £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 and Note 10.

WINE AND SPIRIT EDUCATION TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2024

25. COMPARATIVE CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted funds		Restricted funds	Total 2023
	General	Designated		
	£'000	£'000	£'000	£'000
Income from				
Charitable activities:				
Courses, examination fees and Teaching aids	21,025	-	-	21,025
Donations and legacies	369	-	2	371
Investments	15	-	-	15
Other trading activities	731	-	-	731
Total income	22,140	-	2	22,142
Expenditure on				
Examinations & courses	16,761	-	-	16,761
Teaching aids	4,311	-	-	4,311
Raising funds	1,515	-	1	1,516
Total expenditure	22,587	-	1	22,588
Net (expenditure)/income before transfers	(447)	-	1	(446)
Transfers	2,051	(2,051)	-	-
Net income	1,604	(2,051)	1	(446)
Translation adjustment	(283)	-	-	(283)
Net movement in funds	1,321	(2,051)	1	(729)
Investment Property Loss	-	(2,229)	(40)	(2,269)
Funds balances brought forward at 1 August 2022	2,443	11,270	220	13,933
Fund balances carried forward at 31 July 2023	3,764	6,990	181	10,935