

British Accreditation Council for Independent Further and Higher Education

Annual Report and Financial Statements

31 August 2023

Company Registration Number
01828990 (England and Wales)

Charity Registration Number
326652



Reference and administrative details

Members of the Council

Prof Phil Cardew (Chair) Appointed on 1 September 2022
Prof David Law (Deputy Chair)
Dr Stephen Jackson (Honorary Treasurer)
Marc Griffith
Dr Esther Huertas Hidalgo
Dr Anthony Manning
Kevin Everett
Prof. Mary Bishop
Dr. Victoria Stec
Md. Mahbubal Alam (Student member)
Dr. Nicola Mellor

Company Secretary

Dr Janet Bohrer

Registered office

First Floor
Wax Chandlers Hall
6 Gresham Street
London
EC2V 7AD

Company registration number

01828990 (England and Wales)

Charity registration number

326652

Auditor

Buzzacott LLP
130 Wood Street
London
EC2V 6DL

Solicitor

Bates Wells and Braithwaite London LLP
10 Queen Street Place
London
EC4R 1BE

Banker

CAF Bank
25 Kings Hill Avenue
West Malling
Kent
ME19 4JQ

Investment manager

Aberdeen Standard Capital
1 George Street
Edinburgh
EH2 2LL

Key Management Personnel

Dr Janet Bohrer (Chief Executive)
Diana Morriss (Chief Inspector)
Lucy Fox (Deputy Chief Executive) Appointed on 1 September 2023

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Report of the Council Year to 31 August 2023

The members of the Council present their annual report together with the audited financial statements of the British Accreditation Council for Independent Further and Higher Education ('British Accreditation Council' or 'BAC') for the year ended 31 August 2023.

The financial statements have been prepared in accordance with the accounting policies set out on page 244 to 27 therein and comply with the charitable company's Memorandum and Articles of Association, applicable laws and the requirements of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102).

This report has been prepared in accordance with Part 8 of the Charities Act 2011 and constitutes a directors' report for the purposes of company legislation.

Structure, governance and management

The British Accreditation Council was incorporated on 29 June 1984 (Company No 1828990) and registered as a UK charity on 28 August 1984 (Charity No 326652). It is limited by guarantee without share capital. The liability of the members is limited to £10 each and accumulated funds are not distributable to the members.

The governing instrument under which the Company operates is its Memorandum and Articles of Association. Amended Articles of Association were approved by the charity on 19 October 2017 and 2 April 2018 by special resolution. The Articles of Association were reviewed in April 2021 and were considered fit-for-purpose.

The directors are treated as trustees for Charities Act purposes.

Members of the Council

The members of the Council are the Board of Trustees. The trustees who served during the year, and up to the date of approval of this report, are shown in the reference and administrative details at the front of this report.

The Articles of Association provide for a maximum of twelve directors. The trustees may appoint any director as a member of the Board of Trustees. The chair and deputy chair are appointed by the Board.

Induction and training of Council members

At the recruitment stage potential Council members are given extensive information about the organisation and are fully informed of the purpose and charitable objectives of BAC. Potential trustees are then invited to meet with the Standing Committee to discuss the challenges facing the organisation and their potential contribution to the charity. Following appointment and ratification by Council, induction meetings are organised for new members of Council and Accreditation Committee as appropriate.

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Structure, governance and management (continued)

Statement of Council's responsibilities

The Council members (who are also trustees and directors of the British Accreditation Council for Independent Further and Higher Education for the purposes of company law) are responsible for preparing the annual 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 Council members 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 expenditure of the charitable company for that period.

In preparing these financial statements, the Council members are required to:

- ◆ select suitable accounting policies and then apply them consistently;
- ◆ observe the methods and principles in Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable to the United Kingdom and Republic of Ireland (FRS 102);
- ◆ make judgements and estimates that are reasonable and prudent;
- ◆ state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- ◆ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

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

Each of the Council members confirms that:

- ◆ so far as the trustee is aware, there is no relevant audit information of which the charitable company's auditor is unaware; and
- ◆ the trustee has taken all the steps that he/she ought to have taken as a trustee in order to make himself/herself aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Report of the Council Year to 31 August 2023

Structure, governance and management (continued)

Statement of Council's responsibilities (continued)

The Council members are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Governance

The governance structure consists of the Council, which is formed of the trustees, and acts as the Board of Directors. The Council meets three times a year.

The Chair of the Council is Prof Phil Cardew, appointed 1 September 2022.

The Council has three sub-committees. The Audit Committee provides financial and regulatory oversight and is chaired by Dr Stephen Jackson (Honorary Treasurer) who is also a member of the Standing Committee.

The Standing Committee meets between Council meetings to provide continuity and support the charity. The Standing Committee has, as members, the Chair of the Council, the Deputy Chair of the Council and the Honorary Treasurer. Duties of Nominations and Governance are discharged by the Standing Committee.

The responsibility for decisions on accreditation is overseen by the Accreditation Committee (AC). The AC is appointed by the Council and consists of members appointed by virtue of their experience and expertise with regard to educational standards. Dr Anthony Manning is the Chair of the Accreditation Committee. The Accreditation Committee receives the reports of completed inspections and takes decisions on the award or withdrawal of accreditation, making its recommendations based on BAC's accreditation policy and procedures. It also regularly reviews the quality assurance criteria used by inspectors in making judgements and recommendations. The Committee had six meetings and three sub-committees this year.

Key management personnel

In the period of review, Council members consider that they, together with the Chief Executive and the Chief Inspector, comprise the key management personnel of the charity. None of the Council members receive any remuneration from the charity in connection with their role as Council members.

As part of the annual review of salaries, all staff including the CEO received a 5% increase in salary which was applicable from 1 September 2022.

Other transactions with members of the Council are disclosed in note 6.

Fundraising statement

The charity does not actively undertake fundraising activities and does not employ the services of Professional Fundraisers. During 2022/23, the charity received no complaints about fundraising activities.

Structure, governance and management (continued)

Objectives and activities

The British Accreditation Council for Independent Further and Higher Education is registered for charitable purposes and its objects are:

- ◆ providing a system of accreditation for educational and training institutions in order to promote public confidence in such institutions and their programmes of study; and
- ◆ assisting in the improvement and maintenance of the standards of accredited institutions through the offer of advisory and consultancy services principally in the field of further and higher education.

Public benefit

The Council members have taken into regard the Charity Commission's guidance on public benefit and that all the Council's activities are directed to fulfilling its charitable objects of the improvement and maintenance of standards in independent further and higher education and training and that in doing so it is working for the public benefit. Some of these benefits are given below:

- ◆ The BAC accreditation mark provides students and potential students with an indication of quality.
- ◆ BAC inspections supports the HM Government to protect the reputation of further and higher education and training in the UK by providing independent judgments, made on the basis of inspection by qualified and experienced inspectors, of the quality of provision of private institutions of further and higher education and training.
- ◆ The information, marketing and promotional work undertaken ensures that international students, agents and the education sector as a whole are aware of the range of institutions and courses available.
- ◆ Training events and seminars assist in the professional development of staff and institutions, thereby improving the quality of provision.
- ◆ The advice and support offered to institutions through informal and formal avenues provide them with guidance regarding good and best practice, thus helping to raise standards of provision.
- ◆ The complaints procedure provides students with a free and accessible means of resolving disputes with accredited institutions.

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Achievement and performance

Accreditation and inspection activity

The table below gives details of the applications received, inspections carried out and awards of accreditation in the period 1 September 2022 to 31 August 2023 and compares these with the figures from the previous year.

	September 2022 to August 2023	September 2021 to August 2022
New institutions awarded accreditation – UK	10	13
New institutions awarded accreditation –international	4	3
Total number of accredited institutions **	195	198
Number of international accredited institutions **	36	35
Withdrawals	16	27
Applications received from new institutions	24	21
Inspections conducted	64	69

** numbers as of 31 August

BAC's objectives 2022-23: Progress made

During 2022-2023, we planned some operational changes to the staff structure that became effective from 1 September 2023. The Office PA role is now Operations Manager and the Governance and Business Development Manager is Deputy Chief Executive. The Deputy Chief Executive role has line management responsibilities for the Operations Manager and Accreditation Manager positions.

With regard to BAC's objectives for 2022/23, the following progress has been made:

Objectives	Progress
BAC will invest in growth by expanding products and services to add value to current accredited providers and to attract a wider range of new providers	<ul style="list-style-type: none"> • With the launch of the new Common Quality Framework in September 2022, and as part of our internal quality assurance procedures, we reviewed all six of our accreditation schemes in 2022-2023. The College and International Centre schemes underwent a full review, and the remaining four schemes had a light touch internal review and were updated as necessary. We published the updated schemes on our website on 1 September 2023. • As part of the review, providers applying under the International Centre scheme can now apply for candidacy accreditation status and international providers are now eligible to apply under the College scheme. • To support our growth activities, we have drawn down funds from our investment income to create 'The Development Fund', which is being regularly monitored by the Audit Committee, and has already been used or allocated for several projects. • The Micro-credentials (MC) Scheme pilot continues, and we have conducted two inspections so far. The inspection reports will both be submitted to the Accreditation Committee in January 2024 for their decision on

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	<p>accreditation. We are currently reviewing the scheme and the process to decide the next steps for this scheme.</p> <ul style="list-style-type: none"> • One of our inspectors agreed to lead on the development of a Liaison Scheme pilot. The aim of this project is to add value for BAC providers and could provide a small expansion of income generating activities. Work had started on this and an initial workshop took place with inspectors in December 2022 but the project is currently on pause due to prioritising other commitments. • Considering our plans for growth, we started a review of our accreditation processes. We aim to enhance capacity and streamline processes while maintaining the integrity of our standards. The review is ongoing, and we have updated the re-accreditation application process.
<p>BAC will continue to promote and be active in the quality assurance Community</p>	<ul style="list-style-type: none"> • Prof. Phil Cardew, the Chair of Council, attended the ENQA General Assembly in October 2022, in Sweden. We submitted a nomination for Prof. Cardew to join the ENQA board. Although we were not successful on this occasion, we have shown our interest in being more active in the wider quality assurance arena. • Hayley Boyes, Higher Education Manager, attended the ENQA General Assembly in October 2023, in Dublin. Delegates from 42 different countries including all EHEA countries that have an ENQA agency were at the event. • Our BAC Annual Stakeholder Event took place in March 2023. This year, the themes of the event were internationalisation, qualifications and recognition with keynote speakers giving an overview of the topic followed by case studies from accredited providers. Held online, over 50 attendees were present across eight different countries including Switzerland, Ghana and South Africa to listen to BAC's update and hear from our speakers. • The dissemination event for the ENQA working group on external quality assurance of micro-credentials took place online 27 September 2022. It was a great success with over 200 attendees. It was clear how much work had taken place over the previous 18 months. Professor Anca Greere chaired the group on BAC's behalf and we were very pleased to have the opportunity to present a case study our upcoming Pilot Micro-credentials (MC) Scheme. • The BAC webinar series continued with good attendance from providers. • In November 2023, Professor Anca Greere (BAC Senior Consultant) and Lucy Fox (Deputy CEO) attended the European Quality Assurance Forum (EQAF) 2023 in Aveiro, Portugal. They delivered a workshop titled, 'Designing micro-credentials to respond to European quality assurance expectations: What might be successful parameters?' The workshop was one of only 9 chosen out of 21 proposals and it reached maximum attendance capacity on the day. It was very successful with lively discussion and helpful feedback as part of the review of the BAC MC scheme pilot.

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<p>BAC will continue to Grow and Diversify especially Global and European activities</p>	<ul style="list-style-type: none"> • We are committed to taking a strategic approach to the growth of BAC and we have prioritised plans and activities that will attract a wider range of new providers. We are looking at a three-tiered growth plan of short-, medium- and long-term goals but with two main objectives: <ul style="list-style-type: none"> -To increase the number of accredited providers -To explore other sources of income <p>We have identified that currently the most promising prospects for growth in the short term lie internationally and as a result, we are focused strongly on our international strategy.</p> • We agreed a six-month contract with Cormack Consultancy Group (CCG) which started in February 2023. Their remit was to identify specific opportunities with providers that meet our accreditation eligibility requirements. We have had several initial meetings and received one application through this route. We are also exploring projects outside of accreditation, including how we might support universities in Ukraine. • We created a one-page document about BAC so that trustees, and other BAC representatives, have material to take to meetings to use if appropriate on their travels for their own organisations or other business engagements.
<p>BAC will actively engage in the development of its Ethical responsibilities</p>	<ul style="list-style-type: none"> • The Privacy Policy and the Health and Safety Policy were updated in September 2022. • All staff have completed the following package of mandatory training via e-learning: <ul style="list-style-type: none"> -Personal Data Protection – 50 minutes – CPD certified -Keeping Information Secure (Global) – 45 minutes - CPD certified -Respect in the workplace – 40 minutes – CPD certified
<p>BAC will continue to develop good practice in its use of integrated use of the data and information collected from BAC inspections and other work</p>	<ul style="list-style-type: none"> • Implementation of the CRM is ongoing. Workflows have been put on the system and the accreditation team are using it alongside existing systems and problem solving as they go. We are working with the Project Manager to move on to the next phase. • As part of our Annual Survey for calculating annual accreditation fees, this year we requested that all providers submit data about the number of students enrolled in order to give a better picture of our providers overall. It will not affect how fees are calculated but we will collect, analyse and report on the information as appropriate.

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Risk management

The Council members have a duty to identify and review the risks to which the charity is exposed and to ensure appropriate controls are in place to provide reasonable assurance against fraud and error. The Council members delegate ongoing oversight to the Audit Committee for annual review to Council or reporting by exception. The Audit committee meet regularly where risk mitigation activities and emerging risks are reviewed. The Audit Committee has a standing agenda item for every meeting to review a dashboard of risks and a paper focusing on a specific area, as appropriate.

The members of Council are satisfied with the measures employed to assess and address identified risks.

Identified Risk	Mitigating Actions
Reputational damage arising out of inappropriate activity or behaviour	<p>BAC has embedded integrity and transparency across all activities.</p> <p>All BAC representatives are DBS checked when working with under 18's.</p> <p>BAC has produced clear inspection guidelines and conducts monitoring inspections to ensure they are adhered to.</p> <p>The Bribery and Anti-Corruption policy is strictly enforced and monitored.</p> <p>There are plans to provide workshops for trustees and staff on governance topics.</p> <p>BAC has the necessary legal insurance requirements and professional indemnity cover to provide financial support in the event BAC is accused of acting inappropriately.</p>
Loss of key staff	<p>We have Standard Operating Procedures (SOPs) for common processes so that other members of staff can take over when a staff member leaves BAC.</p> <p>We have introduced periodic benchmarking of salaries for job roles to ensure pay and other fiscal rewards are competitive.</p> <p>We periodically review the contract template and the Employee Handbook so we can be confident in our policies and procedures when recruiting to replace a member of staff.</p> <p>We have adopted a flexible working policy.</p> <p>Staff wellbeing is of high importance. We have a trained St John's Ambulance First Aider and a Mental Health First Aider on the staff team. The sickness policy is robust.</p>
Change in government student visa regime	<p>BAC has developed a range of value-added products including webinars and the Marketing Pack to attract and retain providers and reducing susceptibility to withdraw in the extreme event of BAC being removed from the list of UK government approved accrediting bodies.</p> <p>BAC has significantly increased due diligence in accepting new and reaccreditation applications and developed and implemented a more rigorous inspection process in order to build and maintain confidence in the inspection and accreditation process.</p>

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	<p>We are diversifying income streams to reduce reliance on the UK market and limit the impact of an unexpected change in government policy.</p> <p>We have a direct contact at the Home Office.</p>
<p>Competition increases in the quality assurance arena</p>	<p>BAC conducts regular reviews of BAC processes to ensure they meet the needs of external stakeholders.</p> <p>BAC continues to develop products and processes to ensure they remain world leading in terms of quality assurance.</p> <p>We are working to improve the BAC profile in all markets in which we operate.</p> <p>We have built and continue to build and develop links with stakeholders through webinars, news updates and the Provider Journey.</p> <p>We maintain strict cost controls to allow competitive prices to be offered to existing and new providers.</p> <p>We are increasing investment in developing and promoting BAC across all markets.</p>
<p>Financial loss arising out of financial impropriety</p>	<p>BAC maintains a large financial reserve equivalent to 18 months of operating costs.</p> <p>BAC has extensive and transparent financial controls and by choice undergoes an external audit each year despite being below the audit threshold.</p> <p>BAC has independent auditors who have a reputation for independence and rigour.</p> <p>There is a division of responsibility between staff who deal with banking protocols and finances. BAC's external auditor makes recommendations on internal control that arise out of the external audit and with reference to sector best practice.</p> <p>Funds drawn down for the Development Fund are managed separately. The use/spending of the Development Fund is overseen by the Audit Committee.</p> <p>The new investment portfolio has increased visibility in terms of where funds are invested as well as ethical screens and changes to investments can be made quickly through the investment manager.</p>
<p>Loss of ENQA Membership</p>	<p>A designated member of staff has key responsibilities relating to ENQA oversight and reports directly to the Standing Committee on ENQA compliance.</p> <p>We give relevant members of staff the necessary time and resources to attend ENQA events and to keep up to date with ENQA membership requirements.</p> <p>The whole staff team is made aware of any specific activity relating to ENQA compliance and they take collective responsibility for providing information and evidence as and when necessary.</p> <p>We review BAC procedures to make sure they are ENQA compliant on a regular basis.</p> <p>We have had a positive response to our interim progress report, no major causes for concern raised.</p>

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<p>Loss of EQAR Listing</p>	<p>A designated member of staff has key responsibilities relating to EQAR oversight and reports directly to the Standing Committee on EQAR compliance.</p> <p>We give relevant members of staff the necessary time and resources to attend EQAR events and to keep up to date with EQAR listing requirements.</p> <p>The whole staff team is made aware of any specific activity relating to EQAR compliance and they take collective responsibility for providing information and evidence as and when necessary.</p>
<p>Catastrophic infrastructure failure or cyber attack</p>	<p>All data is now backed up offsite.</p> <p>Key IT infrastructure is now in the Cloud with greater security and multiple backup processes.</p> <p>Financial information is now held in the Cloud via Xero and is considered to be as secure as is feasibly possible for an organisation of BAC's size.</p> <p>In the event of damage to or no access to premises, BAC telephone services have been rerouted to temporary accommodation.</p> <p>The policy is for staff not to leave their laptops in the office overnight so they can work remotely at short notice.</p> <p>We have implemented Multi Factor Authentication for our devices and Microsoft 365 with our IT support provider.</p>
<p>Significant and prolonged downturn in stock markets negatively impacting BAC investments and reducing capital to invest</p>	<p>We take expert advice on management of BAC investments.</p> <p>We have moved the portfolio to direct investments with more transparency and with better annual performance overall compared to the previous portfolio. We have the flexibility to make changes almost immediately.</p> <p>Investment performance is monitored by the Audit Committee.</p>
<p>International Recession</p>	<p>We maintain awareness of leading economic indicators.</p> <p>We maintain close links with the sector to monitor sector feedback.</p> <p>We continue to provide added value activities thereby increasing the value of BAC accreditation.</p> <p>We continue to communicate the value of accreditation to BAC providers, educators, students and governments.</p>
<p>Global economic crisis</p>	<p>Robust banking arrangements and appropriate insurance are in place.</p> <p>We can adapt financial arrangements to support providers such as dormancy criteria, payment plans and postponement of inspections on a case-by-case basis.</p>

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Regulatory Framework in the UK changes	<p>We maintain awareness of the political debate.</p> <p>We identify possible outcomes of different scenarios.</p> <p>We review the impact of possible scenarios on a regular basis to monitor the impact on BAC accredited institutions or on the impact on BAC's right to conduct accreditation activities.</p>
National or global pandemic	<p>We continue to develop our digitised processes to ensure remote working online can be applied to all BAC operations.</p> <p>We have introduced flexible working arrangements for staff and can implement full-time home working at short notice.</p> <p>The office arrangements and equipment are suitable for socially distanced working.</p> <p>Key staff undertake relevant Health and Safety training as necessary.</p> <p>We continue to receive Health and Safety and HR support services and advice from Worknest;</p> <p>We have communicated to staff what support there is for wellbeing, there is an updated Employee Handbook, an Employee Assistance Programme that offers counselling and a 24hr support line and we have a trained Mental Health First Aider on the team.</p> <p>We can adapt financial arrangements to support providers such as dormancy criteria, payment plans and postponement of inspections on a case-by-case basis.</p>
War in Ukraine	<p>We do not currently work with any providers who are based in Ukraine.</p> <p>We maintain awareness of ENQA messaging and the industry impact and response to the war.</p>
Post-Brexit UK visa/border rules change	<p>We will ensure we provide invitation letters to international visitors coming to the UK for BAC activities or events.</p>

Future plans

The Strategic Plan 2021-2026 is a five-year plan and detailed objectives and activities are monitored through an internal three-year action plan.

BAC objectives for 2023-25 are as follows:

Objectives	Proposed actions
BAC will invest in growth by expanding products and services to add value to current accredited providers	<ul style="list-style-type: none"> • We will complete a review of the MC scheme and if successful will be added to our existing suite of schemes and marketed as necessary. • We will update the website and develop a plan for long term improvements.

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and to attract a wider range of new providers	<ul style="list-style-type: none"> We will develop further support for providers e.g., potential training module.
BAC will continue to promote and be active in the quality assurance Community	<ul style="list-style-type: none"> We will continue our schedule of webinars. The Annual Stakeholder Event will take place on 11 April 2024 and we will celebrate BAC's 40th anniversary. We will undergo our third full review by The European Association for Quality Assurance in Higher Education (ENQA). We will look for further opportunities to attend conferences and/or contribute papers.
BAC will continue to Grow and Diversify especially Global and European activities	<ul style="list-style-type: none"> We will continue to build on successful international inspections, developing regional activities and potential working with ministries through free and paid projects. We will continue to develop a portfolio of activities to actively promote BAC.
BAC will actively engage in the development of its Ethical responsibilities	<ul style="list-style-type: none"> The review of our working practices will continue including updating our Data Protection policies and procedures and business continuity and cyber security plans. We will calculate our carbon footprint and take steps towards zero carbon emissions. We will look to implement ways in which we can lead in the promotion of environmental responsibility and being open about our sustainable development goals. We will continue to review value for money from our suppliers whilst also recognising London Living Wage hourly rates.
BAC will continue to develop good practice in its use of integrated use of the data and information collected from BAC inspections and other work	<ul style="list-style-type: none"> The implementation of the CRM will be complete, and we will monitor its use and look for further ways it can improve our operations. We will focus on the report process for inspections and look to process them through using Sharepoint and all information uploaded to an online portal. We will produce thematic reports and use them to influence the direction for development of inspection methodologies as well as themes for enhancement workshops. We will conduct governance reviews as endorsed by Charities Good Practice and as preparation for increased work with a potential growth of activities.

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Financial review

A summary of the year's results can be found on page 211 of the financial statements. The deficit for the year before gains on investments was £48,227 (2022 – £84,699).

The total income for the year is £735,709, an increase of around £115,262 over the previous year (2022 - £620,447). This is a positive sign and suggests the charity is on track to returning to pre covid 19 performance.

During the period under review, expenditure has increased approximately by £58,000 which was expected. £16,000 is the result of increased inspection activity, £29,000 was spent to improve on the internal capabilities of the charity and the remaining £13,000 is related to increase in general running costs.

The net deficit for the year was £94,175 after loss on investments of £66,313. The loss in value is a result of the market's response to a number of factors and world events (2022 – deficit for the year was £118,992 after loss on investments of £34,293).

The forecasted year-end deficit prompted the board to take proactive measures to address the situation. To that end, the board has allocated £75,000 in general unrestricted funds with the aim of investing in the organisation's capabilities. This includes implementing new operational processes such as CRM software, which is expected to drive cost-saving efficiencies for the charity. Additionally, the funds will be used to support growth efforts and explore new opportunities to enhance the organisation's visibility and attract new providers to apply for accreditation.

Income

Accreditation fees

The income generated from accreditation fees has seen an improvement of approximately 19%, with a total of £393,989 in 2023, as compared to £330,548 in 2022. This is a result of a 5% increase in accreditation fees set in place in the previous year, we have also seen fewer organisations in dormancy and an encouraging sign of increased number of new providers who have been approved for accreditation in the year.

Inspection Fees

Inspection fee income has increased in the year by 11% to £280,397 (2022 – 24%, £253,231), mostly related to inspections that have been delayed due to Covid-19 have now taken place as well as the new providers who have joined the accreditation schemes this year and inspections that have taken place as a part of that process.

Other Income

The performance of our fixed asset investment portfolio has been below expectations, resulting in a net loss of £66,313 during the period under review. This is attributed to the impact of central banks around the world increasing rates in response to inflation and other global events on financial markets. The Audit Committee remains vigilant in its oversight of investment performance, given the ongoing instability in financial markets.

Expenditure

Charitable Activities

Direct expenditure includes the cost of conducting inspections of accredited organisations, offering workshops to providers on a range of issues and the improvement of internal capabilities. Expenditure is directly correlated with projects undertaken to increase scope of the charity's work and the inspection activity, which is influenced by the numbers and scope of inspections taken place in the year, direct expenditure has increased by circa 16% as predicted in the previous year, 2023 – £185,843 (2022 – £152,578).

Staff Costs and Running Costs

The total costs associated with staffing have increased in 2023 £405,402 (2022 – £388,832).

Running costs and other support costs have increased by 6% for the year, 2023 - £164,121 (2022 – £157,208). This increase in expenditure was expected as result of inflation.

Investment policy

The value of BAC's investments holding is a mixture of equities, fixed income and cash held for investment purposes. The market value at the reporting date stands at £1,109,896 in 2023 (2022 – £1,163,380). BAC's investments were held in a managed investment portfolio by Aberdeen Standard Capital (Charities Aid Foundation Managed Portfolio Service – Progressive Capital Growth Account).

The investment policy aims to generate capital growth over the medium to long term, without exposing BAC to the risks and volatility associated with a wholly equity focused portfolio. The Council members are satisfied with the performance of the investment portfolio during the year.

The charity also has cash at bank and in hand of £188,297 (2021 – £260,068). The liquidity risk is managed by maintaining a balance between the continuity of funding and flexibility of access to funds.

Reserves policy

The members of council consider that free reserves of the charity should represent at least six months' expenditure, equating to approximately £450,000, to ensure that the organisation can cope with all financial commitments without recourse to borrowing.

The free reserves on 31 August 2023 were £978,063 (2022 – £1,031,817) which exceeds the target level of reserves stated in the reserves policy. However, the Council members consider it appropriate to hold reserves in excess of the target, in consideration of the strategic objectives to be achieved and forecasted financial position over the short, medium, and long term along with the consequences of current world events, and the reserves policy reflects only the minimum level of free reserves required.

The Council will proactively assess the need for measures to mitigate the potential loss of funding resulting from providers unable to continue operations in the coming year. While it is possible that the effects of this may have a secondary impact on BAC, the Council will remain vigilant in monitoring the situation and have not deemed it necessary to utilise any more reserves than already approved in the current year.


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Going Concern

The Trustees are required to confirm that it is appropriate for the BAC to adopt the going concern principle in preparing its accounts. Based on the viability review and taking into consideration the BAC closing reserves and strong cash position, the Trustees of the British Accreditation Council have reasonable expectation that the charity will continue to operate for the 12 months from the signature of this report.

As such the Trustees of the BAC continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Approved by the Council on 1 February 2024 and signed on its behalf by:

[]
Stephen Jackson (Mar 8, 2024 10:21 GMT)

Independent auditor's report to the members of British Accreditation Council

Opinion

We have audited the financial statements of British Accreditation Council (the 'charitable company') for the year ended 31 August 2023 which comprise the statement of financial activities, the balance sheet, the statement of cash flows, the principal accounting policies and notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2023 and of 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 charitable company 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.

Conclusion relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Independent Auditor's Report Year to 31 August 2023

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Annual Report and Financial Statements, 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.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- ◆ the information given in the trustees' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- ◆ the trustees' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in 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:

- ◆ adequate accounting records have not been kept; or
- ◆ the 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; or
- ◆ the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the trustees' report and from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities, 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 charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- ◆ the Senior Statutory Auditor ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations; and
- ◆ we obtained an understanding of the legal and regulatory frameworks that are applicable to the charitable company and determined that the most significant frameworks which are directly relevant to specific assertions in the financial statements are those that relate to the reporting framework (Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), Companies Act, and the Charities Act) as well as data protection regulations.

Independent Auditor's Report Year to 31 August 2023

Auditor's responsibilities for the audit of the financial statements (continued)

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

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

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

- ◆ performed analytical procedures to identify any unusual or unexpected relationships.
- ◆ carried out substantive testing of expenditure including the authorisation thereof.
- ◆ reviewed journal entries to identify unusual transactions and substantiated these where appropriate; and
- ◆ assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias.

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

- ◆ review of the minutes of meetings of those charged with governance; and
- ◆ enquiring of management as to actual and potential litigation and claims.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the trustees and other management and the inspection of regulatory and legal correspondence, if any.

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

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

Independent Auditor's Report Year to 31 August 2023

Use of our report

This report is made solely to the charitable company's member, 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 member those matters we are required to state to it 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 member, for our audit work, for this report, or for the opinions we have formed.

Catherine Biscoe (Senior Statutory Auditor)
For and on behalf of Buzzacott LLP, Statutory Auditor
130 Wood Street
London
EC2V 6DL

Statement of financial activities (including income and expenditure account) Year to 31 August 2023

	Notes	Total 2023 £	Total 2022 £
Income from:			
Charitable activities			
. Accreditation and inspection fees	1	714,049	620,379
Investments	2	21,660	68
Total income		735,709	620,447
Expenditure on:			
Raising funds		7,536	3,380
Charitable activities			
. Accreditation and inspection		756,035	701,766
Total expenditure	3	763,571	705,146
Net expenditure before losses on investments		(27,862)	(84,699)
Losses on investments	10	(66,313)	(34,293)
Net expenditure and net movement in funds		(94,175)	(118,992)
Reconciliation of funds			
Total funds brought forward		1,122,906	1,241,898
Total funds carried forward		1,028,731	1,122,906


All of the charity's activities derived from continuing operations during the above two financial periods.

The charity has no recognised gains or losses other than those shown above.

Balance sheet 31 August 2023

	Notes	2023 £	2023 £	2022 £	2022 £
Fixed assets					
Intangible fixed assets	8	15,063		18,908	
Tangible fixed assets	9	9,086		16,410	
Debtors	11	11,942		11,942	
Investments	10	<u>1,109,896</u>		<u>1,163,380</u>	
			1,145,987		1,210,640
Current assets					
Debtors	12	25,594		33,973	
Cash at bank and in hand		<u>188,297</u>		<u>260,068</u>	
		213,891		294,041	
Creditors: amounts falling due within one year	13(a)	<u>(309,562)</u>		<u>(366,223)</u>	
Net current liabilities			(95,671)		(72,182)
Creditors: amounts falling due after one year	13(b)		<u>(21,585)</u>		<u>(15,552)</u>
Total net assets			<u>1,028,731</u>		<u>1,122,906</u>
The funds of the charity					
Unrestricted funds					
. General funds			978,063		1,031,817
. Designated funds	14		26,519		55,771
. Fixed asset fund	15		24,149		35,318
Total funds			<u>1,028,731</u>		<u>1,122,906</u>

The financial statements were approved by the Council and were signed on its behalf by:


[Stephen Jackson \(Mar 8, 2024 10:21 GMT\)](#)

Date: [08/03/2024]

Company Registration Number 01828990 (England and Wales)

Statement of cash flows Year to 31 August 2023

	Notes	2023 £	2022 £
Cash flows from operating activities:			
Net cash (used in) provided by operating activities	A	(79,367)	20,344
Cash flows from investing activities:			
Purchase of intangible fixed assets		—	(19,228)
Purchase of tangible fixed assets		(1,235)	(3,999)
Investment income received		21,660	68
Proceeds from sale of investments		424,556	1,030,610
Purchase of investments		(437,385)	(952,230)
Net cash provided by investing activities		7,596	55,221
Change in cash and cash equivalents in the year		(71,771)	75,565
Cash and cash equivalents at 1 September 2022	B	260,068	184,503
Cash and cash equivalents at 31 August 2023	B	188,297	260,068

Notes to the statement of cash flows for the year to 31 August 2023

A Reconciliation of net movement in funds to net cash used in (provided by) operating activities

	2023 £	2022 £
Net movement in funds (as per the statement of financial activities)	(94,175)	(118,992)
Adjustments for:		
Amortisation charge	3,845	320
Depreciation charge	8,559	8,139
Net losses on investments	66,313	34,293
Decrease/(increase) in debtors	8,379	(24,425)
(Increase)/decrease in creditors	(50,628)	121,077
Investment income receivable	(21,660)	(68)
Net cash (used in) provided by operating activities	(79,367)	20,344

B Analysis of cash and cash equivalents

	2023 £	2022 £
Total cash and cash equivalents: Cash at bank and in hand	188,297	260,068

C Analysis of changes in net debt

	At 1 September 2022	Cash flows	At 31 August 2023
Cash at bank and in hand	260,068	(71,771)	188,297
Total	260,068	(71,771)	188,297

Principal accounting policies Year to 31 August 2023

The principal accounting policies adopted, judgements made and key sources of estimation uncertainty in the preparation of the financial statements are laid out below.

Basis of preparation

These financial statements have been prepared for the year to 31 August 2023 and are presented in sterling rounded to the nearest pound.

The financial statements have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant accounting policies below or the notes to these financial statements.

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (Charities SORP FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The charity constitutes a public benefit entity as defined by FRS 102.

Critical accounting estimates and areas of judgement

Preparation of the financial statements requires the Council members and management to make significant judgements and estimates.

The items in the financial statements where these judgements and estimates have been made include:

- ◆ estimating the useful economic life of tangible fixed assets.
- ◆ estimating the useful economic life of intangible fixed assets.

Assessment of going concern

The Council members have assessed whether the use of the going concern assumption is appropriate in preparing these financial statements. The Council members have made this assessment in respect to a period of one year from the date of approval of these financial statements.

The Council members of the charity have concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the charity to continue as a going concern. In making this assessment the trustees have considered the impact of longer-term impacts of world events. In response, the charity has taken steps to ensure that there are sufficient levels of cash available as outlined in the trustees' report. Members of the Council are of the opinion that the charity will have sufficient resources to meet its liabilities as they fall due.

Principal accounting policies Year to 31 August 2023

Assessment of going concern (continued)

The net current liabilities position is due to advanced payments received for 2023/24 annual accreditation fees and Inspections planned to take place in the next financial year.

The most significant areas of judgement that affect items in the financial statements are detailed above. With regard to the next accounting period, the year ending 31 August 2024, the most significant areas that affect the carrying value of the assets held by the charity are the level of investment return and the performance of the investment markets (see the investment policy of the Report of the Council for more information).

Income recognition

Income is recognised in the period in which the charity has entitlement to the income, the amount of income can be measured reliably, and it is probable that the income will be received.

Income comprises fees from inspections and accreditations, consultancy contracts, investment income and grants.

Accreditation and inspection fees are recognised when they have been earned. For inspection fees, entitlement is measured with reference to the date that the inspection takes place.

Income of a contractual nature is recognised to the extent that it is probable that the economic benefits will flow to the charitable company and the revenue can be reliably measured. It is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value-added tax and other sales taxes.

Dividends are recognised once the dividend has been declared and notification has been received of the dividend due. Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charitable company; this is normally upon notification of the interest paid or payable by the bank.

Donations and grants are recognised on a receivable basis (where there are no performance-related conditions) where the receipt is probable, and the amount can be reliably measured.

Expenditure recognition

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to make a payment to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably.

Expenditure is classified under headings that aggregate all costs related to the category. Where costs cannot be directly attributed to particular headings, they have been allocated to activities on a basis consistent with the use of resources.

Governance costs, comprising the costs involved in the public accountability of the charity (including audit costs) and costs in respect to its compliance with regulation and good practice, are allocated to the cost of charitable activities.

Principal accounting policies Year to 31 August 2023

Intangible fixed assets

Intangible assets comprise of purchased computer software licences and any costs directly attributable to bringing the licences into use, such as configuration or implementation costs.

The costs of acquiring the software licences are capitalised where all the criteria in FRS 102 are met. Intangible assets are capitalised where expenditure of £3,000 or more is incurred.

Intangible assets are included initially at cost, Intangible assets are amortised on a straight-line basis over the life of the licence, currently standing at 20% per year, or the period over which the British Accreditation Council anticipates using the asset over its useful life. Amortisation charges are included in expenditure on charitable activities, as either direct costs or support costs, according to the activity that the underlying asset is used to deliver.

Tangible fixed assets

Items are capitalised where the purchase price exceeds £250. Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Computer equipment and office furniture	33% on cost
Fixtures and fittings	Straight line basis over the lease term (44 months).

Fixed asset investments

Fixed asset investments consist of listed investments.

Listed investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price.

The main form of financial risk faced by the charity is that of fluctuations in equity and investment markets due to wider economic conditions, the attitude of investors to investment risk, and changes in sentiment concerning equities within particular sectors or sub sectors.

Realised gains (or losses) on investment assets are calculated as the difference between disposal proceeds and their opening carrying value, or their purchase value if acquired subsequent to the first day of the financial year. Unrealised gains and losses are calculated as the difference between the fair value at the year end and their carrying value at that date. Realised and unrealised investment gains (or losses) are combined in the statement of financial activities and are credited (or debited) in the year in which they arise.

Debtors

Debtors are recognised at their settlement amount, less any provision for non-recoverability. Prepayments are valued at the amount prepaid. They have been discounted to the present value of the future cash receipt where such discounting is material.

Principal accounting policies Year to 31 August 2023

Cash at bank and in hand

Cash at bank and in hand represents such accounts and instruments that are available on demand or have a maturity of less than three months from the date of acquisition. Deposits for more than three months but less than one year have been disclosed as short-term deposits.

Creditors and provisions

Creditors and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Creditors and provisions are recognised at the amount the charity anticipates it will pay to settle the debt. They have been discounted to the present value of the future cash payment where such discounting is material.

Taxation

The British Accreditation Council is a registered charity and therefore is not liable to income tax or corporation tax on income derived from its charitable activities, as it falls within various exemptions available to registered charities.

Fund accounting

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the Council members. Designated funds which are set aside at the discretion of the Trustees for a specific purpose, or where funds are effectively constrained by their application in operational fixed assets.

The fixed asset fund represents the net book value of the fixtures, fittings, office furniture, computer equipment of the charity and intangible assets referring to software licenses. Such assets are vital to the charity being able to carry out its work and the value invested in the assets cannot, therefore, be realised in order to meet future expenditure or liabilities. To emphasise this point, the net book value of the assets is represented by a specific fixed asset fund on the balance sheet.

The trustees have designated funds of 75,000 in the previous year for the purpose and any application of designated funds are set out in note 14 to the accounts.

Pension costs and other post-retirement benefits

The charity operates a defined contribution pension scheme. Contributions payable to the charity's pension scheme are charged to the statement of financial activities in the period to which they relate.

Notes to the financial activities Year to 31 August 2023

1 Income from charitable activities – Accreditation and inspection fees

	2023 £	2022 £
Accreditation Fees UK	393,989	330,548
Inspection Fees UK	280,397	253,231
Application Fees	11,550	8,600
Other Fees	28,113	28,000
	714,049	620,379

2 Investment income

	2023 £	2022 £
Interest receivable	1,295	68
Dividends from investment portfolio	20,365	—

3 Expenditure on:

	Direct costs £	Support costs			2023 Total £	2022 Total £
		Running costs £	Finance £	Staff costs £		
Raising funds						
. Investment manager fees	7,536	—	—	—	7,536	3,380
Accreditation and inspection:						
. Accreditation and inspection delivery	185,843	138,634	669	405,402	730,548	683,236
. Bad debts	—	—	—	—	—	2,180
. Governance (note 4)	—	25,487	—	—	25,487	16,350
	193,379	164,121	669	405,402	763,571	705,146

	Direct costs £	Support costs			2022 Total £	2021 Total £
		Running costs £	Finance £	Staff costs £		
Raising funds						
. Investment manager fees	3,380	—	—	—	3,380	2,007
Accreditation and inspection:						
. Accreditation and inspection delivery	152,578	140,858	968	388,832	683,236	599,907
. Bad debts	2,180	—	—	—	2,180	1,291
. Governance (note 4)	—	16,350	—	—	16,350	36,732
	158,138	157,208	968	388,832	705,146	639,937

Notes to the financial activities Year to 31 August 2023

4 Governance costs

	2023 £	2022 £
Legal and professional fees	4,161	3,587
Council Expenses	2,573	1,058
Accountancy fees	2,013	2,013
Auditor's remuneration	16,740	9,690
	25,487	16,350

5 Net expenditure

	2023 £	2022 £
Net expenditure is stated after charging:		
Auditor's remuneration – statutory audit		
· Current year	13,140	9,690
· Prior Year	3,600	—
Amortisation	3,846	320
Depreciation	8,559	8,139

6 Transactions with Council members' and key management personnel

The Council members consider that they, together with the Chief Executive and the Chief Inspector, comprise the key management personnel of the charity in the period under review. The total remuneration of the key management personnel for the year (including taxable benefits and employer's pension and national insurance contributions) was £115,736 (2022 – £112,761).

The 11 Council members received no remuneration or other benefits for the year ended 31 August 2023 (2022 – £nil).

Expenses were reimbursed to the 4 Council members for out-of-pocket expenses of £734 (2022 – £467).

Notes to the financial activities Year to 31 August 2023

7 Staff costs

	2023 £	2022 £
Wages and salaries	333,954	324,277
Social security costs	31,429	29,796
Pension costs	31,200	29,121
Agency & Freelance staff	8,819	5,638
	405,402	388,832

The average monthly number of employees during the year was as follows:

	Average headcount	
	2023 No.	2022 No.
Administration/ management	5	5
Inspection	2	2
Accreditation	2	2
	9	9

The number of employees who earned £60,000 per annum or more (including taxable benefits but excluding employer pension contributions) during the year was as follows:

	2023 No.	2022 No.
£70,001 - £80,000	—	1

The staff member in the previous year in the £70,001 to £80,000 bracket, has reduced their contracted hours in the current year and total remuneration was below £60,000.

8 Intangible fixed assets

	Software Licenses £	Total £
Cost		
At 1 September 2022	19,228	19,228
Additions	—	—
At 31 August 2023	19,228	19,228
Amortisation		
At 1 September 2022	320	320
Charge for the year	3,845	3,845
At 31 August 2023	4,165	4,165
Net book value		
At 31 August 2023	15,063	15,063
At 31 August 2022	18,908	18,908

Notes to the financial activities Year to 31 August 2023

9 Tangible fixed assets

	Computer equipment and office furniture £	Fixtures and fittings £	Total £
Cost			
At 1 September 2022	76,599	16,209	92,808
Additions	1,235	—	1,235
Disposals	(18,515)	—	(18,515)
At 31 August 2023	<u>59,320</u>	<u>16,209</u>	<u>75,528</u>
Depreciation			
At 1 September 2022	70,504	5,894	76,398
Charge for the year	4,138	4,421	8,559
Eliminated on Disposal	(18,515)	—	(18,515)
At 31 August 2023	<u>56,127</u>	<u>10,315</u>	<u>66,442</u>
Net book value			
At 31 August 2023	3,192	5,894	9,086
At 31 August 2022	<u>6,095</u>	<u>10,315</u>	<u>16,410</u>

10 Fixed assets investments

	2023 £	2022 £
Market value		
At 1 September 2022	1,111,900	1,139,498
Additions at cost	473,300	1,037,305
Disposal at opening market value (proceeds £424,556; loss £40,886)	(465,442)	(1,093,206)
Net unrealised (loss) gain	(25,427)	28,303
At 31 August 2023	<u>1,094,331</u>	1,111,900
Cash held within listed investments	15,565	51,480
	<u>1,109,896</u>	<u>1,163,380</u>
Cost		
At 31 August 2023	<u>1,106,858</u>	1,135,593
At 31 August 2022	<u>1,135,593</u>	984,192
		Total 2023 £
Unrealised gains included above on listed investments (see below)		
Reconciliation of movements in unrealised gains on investments		
Unrealised gains at 1 September 2022		27,787
Unrealised gains brought forward and losses realised in the year		<u>(31,095)</u>
Net unrealised losses in the year		<u>(25,427)</u>
Unrealised gains at 31 August 2023		<u>(28,735)</u>

Notes to the financial activities Year to 31 August 2023

10 Fixed assets investments (continued)

The following holdings comprised a material holding when compared to the value of the total listed investment portfolio at 31 August 2023:

	Market Value	%
	£	
Aberdeen Offshore Sterling Fixed Int Fund Z	66,501	15
Aberdeen Standard Liquidity Fd Lux Sterling L1 GBP Dis	89,905	8.1
United Kingdom(Government Of) 3.5% Bds 22/10/2025 GBP1000	72,485	6.5
Aberdeen Offshore Global Fixed Int Fund Z Inc	59,458	5.4

Listed investments at 31 August 2023 comprised the following:

	2023	2022
	£	£
Alternative Strategies	80,770	323,339
Overseas Equities	453,749	396,607
U.K Equities	148,599	147,746
U.K Fixed Interest	411,213	244,208
	1,094,331	1,111,900
Capital Cash Account	15,565	51,480
	1,109,896	1,163,380

11 Debtors: amounts falling due after one year

	2023	2022
	No.	No.
Other Debtors	11,942	11,942
	11,942	11,942

Other debtors consist of a repayable deposit paid to secure the leasehold contract for the new head office premises.

12 Debtors: amounts falling due within one year

	2023	2022
	£	£
Charitable activity debtors	10,628	19,207
Prepayments and accrued income	14,966	14,766
	25,594	33,973

Notes to the financial activities Year to 31 August 2023

13 (a) Creditors: amounts falling due within one year

	2023 £	2022 £
Charitable activity creditors	8,659	26,424
Social security and other taxes	9,159	9,031
Accruals	22,107	32,063
Deferred income	266,794	297,044
Other creditors	2,843	1,661
	309,562	366,223

Deferred income relates to inspection fees received in advance of inspections taking place and accreditation fees paid in advance for the next academic year, Movements on deferred income are shown below:

	2023 £
Deferred income at 1 September 2022	297,044
Resources released in the year	(297,044)
Resources deferred in the year	266,794
Deferred income at 31 August 2023	266,794

13 (b) Creditors: amounts falling due after one year

	2023 £	2022 £
Provisions	21,585	15,552
	21,585	15,552

The trustees have acknowledged their responsibility to uphold and enhance professional standards in the field of Higher and Further Education at an international level. To fulfil this constructive obligation to its stakeholders, BAC has decided to remain a member of ENQA, an organization that conducts a review of its members every five years at a cost of approximately £36,000. The cost of the review is provisioned for equally over the preceding 5 years.

14 Designated funds

	Sep-22 £	New designations £	Utilised / Released £	Sep-23 £
Internal Capabilities	55,771	—	(29,252)	26,519
	55,771	—	29,252	26,519

The board have set aside funds for various projects internal development and marketing activities, with the aim of improving the efficiency of operations and furthering the charity's increase the profile with a larger number of organisations.

The funds are expected to be utilised within a time frame of 1 years from the reporting date.

Notes to the financial activities Year to 31 August 2023

15 Fixed asset fund

	Total £
At 1 September 2022	35,318
Net movements in year	(11,169)
At 31 August 2023	24,149

The fixed assets fund represents the net book value of the charity's fixed assets. The fund recognises the fact that the assets are required for the day-to-day operation of the charity and are not available for other purposes or as a general reserve.

16 Related party transactions

Dr Esther Huertas is on the council of trustees for BAC and European Network for Quality Assurance in Higher Education (ENQA). The BAC are a registered member association of ENQA and make annual payments for membership and recognise a constructive obligation to undergo a membership review every 5 years. Total expenditure related to ENQA in the year was £10,559, which accounts for £4,527 annual membership fee's due in the year and a provision of £6,032 has been recognised (2022: £19,644 expenditure and a provision of £6,242). There are no other outstanding balances at the end of the year.

Dr Anthony Manning is on the council of trustees for BAC and representative speaker for the UK Council for International Student Affairs (UKCISA). The BAC are a registered member association of UKCISA and make annual payments for membership. Membership fee due in the year was £545 (2022: £518)

Council of Validating Universities has a secretariat agreement with the BAC, as a result of this relationship Dr Janet Bohrer has been appointed as secretary of CVU, the reason for this is so she may carry out the obligations agreed between CVU and BAC, only when instructed by the council members of CVU. The total income received by the BAC is £28,000 (2022: £28,000), There are no outstanding debts due at the end of the year.

Other than as set out above and in note 6, there were no other transactions between the charity and any of its related parties.

17 Ultimate controlling party

The charity is under the ultimate control of the Council members.

18 Financial commitments

At 31 August 2023 the charity had total commitments under non-cancellable operating leases as follows:

	2023 Land and buildings £	2022 Land and buildings £
Operating lease payable		
Within one year	42,373	42,373
Between 2 to 5 years	13,467	55,840






B0402 2023 accounts final

Final Audit Report

2024-03-08

Created:	2024-03-05
By:	Lucy Fox (lucy.fox@the-bac.org)
Status:	Signed
Transaction ID:	CBJCHBCAABAAHzc6A8Uq-S1rtJP2WllelCVezWAAcxXe

"B0402 2023 accounts final" History

-  Document created by Lucy Fox (lucy.fox@the-bac.org)
2024-03-05 - 8:54:14 PM GMT
-  Document emailed to Stephen Jackson (sjacksonx7@msn.com) for signature
2024-03-05 - 8:54:19 PM GMT
-  Email viewed by Stephen Jackson (sjacksonx7@msn.com)
2024-03-08 - 10:19:50 AM GMT
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-  Agreement completed.
2024-03-08 - 10:21:00 AM GMT

British Accreditation Council for Independent Further and Higher Education

Annual Report and Financial Statements

31 August 2023

Company Registration Number
01828990 (England and Wales)

Charity Registration Number
326652



Reference and administrative details

Members of the Council

Prof Phil Cardew (Chair) Appointed on 1 September 2022
Prof David Law (Deputy Chair)
Dr Stephen Jackson (Honorary Treasurer)
Marc Griffith
Dr Esther Huertas Hidalgo
Dr Anthony Manning
Kevin Everett
Prof. Mary Bishop
Dr. Victoria Stec
Md. Mahbubal Alam (Student member)
Dr. Nicola Mellor

Company Secretary

Dr Janet Bohrer

Registered office

First Floor
Wax Chandlers Hall
6 Gresham Street
London
EC2V 7AD

Company registration number

01828990 (England and Wales)

Charity registration number

326652

Auditor

Buzzacott LLP
130 Wood Street
London
EC2V 6DL

Solicitor

Bates Wells and Braithwaite London LLP
10 Queen Street Place
London
EC4R 1BE

Banker

CAF Bank
25 Kings Hill Avenue
West Malling
Kent
ME19 4JQ

Investment manager

Aberdeen Standard Capital
1 George Street
Edinburgh
EH2 2LL

Key Management Personnel

Dr Janet Bohrer (Chief Executive)
Diana Morriss (Chief Inspector)
Lucy Fox (Deputy Chief Executive) Appointed on 1 September 2023

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Report of the Council Year to 31 August 2023

The members of the Council present their annual report together with the audited financial statements of the British Accreditation Council for Independent Further and Higher Education ('British Accreditation Council' or 'BAC') for the year ended 31 August 2023.

The financial statements have been prepared in accordance with the accounting policies set out on page 244 to 27 therein and comply with the charitable company's Memorandum and Articles of Association, applicable laws and the requirements of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102).

This report has been prepared in accordance with Part 8 of the Charities Act 2011 and constitutes a directors' report for the purposes of company legislation.

Structure, governance and management

The British Accreditation Council was incorporated on 29 June 1984 (Company No 1828990) and registered as a UK charity on 28 August 1984 (Charity No 326652). It is limited by guarantee without share capital. The liability of the members is limited to £10 each and accumulated funds are not distributable to the members.

The governing instrument under which the Company operates is its Memorandum and Articles of Association. Amended Articles of Association were approved by the charity on 19 October 2017 and 2 April 2018 by special resolution. The Articles of Association were reviewed in April 2021 and were considered fit-for-purpose.

The directors are treated as trustees for Charities Act purposes.

Members of the Council

The members of the Council are the Board of Trustees. The trustees who served during the year, and up to the date of approval of this report, are shown in the reference and administrative details at the front of this report.

The Articles of Association provide for a maximum of twelve directors. The trustees may appoint any director as a member of the Board of Trustees. The chair and deputy chair are appointed by the Board.

Induction and training of Council members

At the recruitment stage potential Council members are given extensive information about the organisation and are fully informed of the purpose and charitable objectives of BAC. Potential trustees are then invited to meet with the Standing Committee to discuss the challenges facing the organisation and their potential contribution to the charity. Following appointment and ratification by Council, induction meetings are organised for new members of Council and Accreditation Committee as appropriate.

Report of the Council Year to 31 August 2023

Structure, governance and management (continued)

Statement of Council's responsibilities

The Council members (who are also trustees and directors of the British Accreditation Council for Independent Further and Higher Education for the purposes of company law) are responsible for preparing the annual 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 Council members 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 expenditure of the charitable company for that period.

In preparing these financial statements, the Council members are required to:

- ◆ select suitable accounting policies and then apply them consistently;
- ◆ observe the methods and principles in Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable to the United Kingdom and Republic of Ireland (FRS 102);
- ◆ make judgements and estimates that are reasonable and prudent;
- ◆ state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- ◆ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

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

Each of the Council members confirms that:

- ◆ so far as the trustee is aware, there is no relevant audit information of which the charitable company's auditor is unaware; and
- ◆ the trustee has taken all the steps that he/she ought to have taken as a trustee in order to make himself/herself aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Report of the Council Year to 31 August 2023

Structure, governance and management (continued)

Statement of Council's responsibilities (continued)

The Council members are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Governance

The governance structure consists of the Council, which is formed of the trustees, and acts as the Board of Directors. The Council meets three times a year.

The Chair of the Council is Prof Phil Cardew, appointed 1 September 2022.

The Council has three sub-committees. The Audit Committee provides financial and regulatory oversight and is chaired by Dr Stephen Jackson (Honorary Treasurer) who is also a member of the Standing Committee.

The Standing Committee meets between Council meetings to provide continuity and support the charity. The Standing Committee has, as members, the Chair of the Council, the Deputy Chair of the Council and the Honorary Treasurer. Duties of Nominations and Governance are discharged by the Standing Committee.

The responsibility for decisions on accreditation is overseen by the Accreditation Committee (AC). The AC is appointed by the Council and consists of members appointed by virtue of their experience and expertise with regard to educational standards. Dr Anthony Manning is the Chair of the Accreditation Committee. The Accreditation Committee receives the reports of completed inspections and takes decisions on the award or withdrawal of accreditation, making its recommendations based on BAC's accreditation policy and procedures. It also regularly reviews the quality assurance criteria used by inspectors in making judgements and recommendations. The Committee had six meetings and three sub-committees this year.

Key management personnel

In the period of review, Council members consider that they, together with the Chief Executive and the Chief Inspector, comprise the key management personnel of the charity. None of the Council members receive any remuneration from the charity in connection with their role as Council members.

As part of the annual review of salaries, all staff including the CEO received a 5% increase in salary which was applicable from 1 September 2022.

Other transactions with members of the Council are disclosed in note 6.

Fundraising statement

The charity does not actively undertake fundraising activities and does not employ the services of Professional Fundraisers. During 2022/23, the charity received no complaints about fundraising activities.

Structure, governance and management (continued)

Objectives and activities

The British Accreditation Council for Independent Further and Higher Education is registered for charitable purposes and its objects are:

- ◆ providing a system of accreditation for educational and training institutions in order to promote public confidence in such institutions and their programmes of study; and
- ◆ assisting in the improvement and maintenance of the standards of accredited institutions through the offer of advisory and consultancy services principally in the field of further and higher education.

Public benefit

The Council members have taken into regard the Charity Commission's guidance on public benefit and that all the Council's activities are directed to fulfilling its charitable objects of the improvement and maintenance of standards in independent further and higher education and training and that in doing so it is working for the public benefit. Some of these benefits are given below:

- ◆ The BAC accreditation mark provides students and potential students with an indication of quality.
- ◆ BAC inspections supports the HM Government to protect the reputation of further and higher education and training in the UK by providing independent judgments, made on the basis of inspection by qualified and experienced inspectors, of the quality of provision of private institutions of further and higher education and training.
- ◆ The information, marketing and promotional work undertaken ensures that international students, agents and the education sector as a whole are aware of the range of institutions and courses available.
- ◆ Training events and seminars assist in the professional development of staff and institutions, thereby improving the quality of provision.
- ◆ The advice and support offered to institutions through informal and formal avenues provide them with guidance regarding good and best practice, thus helping to raise standards of provision.
- ◆ The complaints procedure provides students with a free and accessible means of resolving disputes with accredited institutions.

Report of the Council Year to 31 August 2023

Achievement and performance

Accreditation and inspection activity

The table below gives details of the applications received, inspections carried out and awards of accreditation in the period 1 September 2022 to 31 August 2023 and compares these with the figures from the previous year.

	September 2022 to August 2023	September 2021 to August 2022
New institutions awarded accreditation – UK	10	13
New institutions awarded accreditation –international	4	3
Total number of accredited institutions **	195	198
Number of international accredited institutions **	36	35
Withdrawals	16	27
Applications received from new institutions	24	21
Inspections conducted	64	69

** numbers as of 31 August

BAC's objectives 2022-23: Progress made

During 2022-2023, we planned some operational changes to the staff structure that became effective from 1 September 2023. The Office PA role is now Operations Manager and the Governance and Business Development Manager is Deputy Chief Executive. The Deputy Chief Executive role has line management responsibilities for the Operations Manager and Accreditation Manager positions.

With regard to BAC's objectives for 2022/23, the following progress has been made:

Objectives	Progress
BAC will invest in growth by expanding products and services to add value to current accredited providers and to attract a wider range of new providers	<ul style="list-style-type: none"> • With the launch of the new Common Quality Framework in September 2022, and as part of our internal quality assurance procedures, we reviewed all six of our accreditation schemes in 2022-2023. The College and International Centre schemes underwent a full review, and the remaining four schemes had a light touch internal review and were updated as necessary. We published the updated schemes on our website on 1 September 2023. • As part of the review, providers applying under the International Centre scheme can now apply for candidacy accreditation status and international providers are now eligible to apply under the College scheme. • To support our growth activities, we have drawn down funds from our investment income to create 'The Development Fund', which is being regularly monitored by the Audit Committee, and has already been used or allocated for several projects. • The Micro-credentials (MC) Scheme pilot continues, and we have conducted two inspections so far. The inspection reports will both be submitted to the Accreditation Committee in January 2024 for their decision on

Report of the Council Year to 31 August 2023

	<p>accreditation. We are currently reviewing the scheme and the process to decide the next steps for this scheme.</p> <ul style="list-style-type: none"> • One of our inspectors agreed to lead on the development of a Liaison Scheme pilot. The aim of this project is to add value for BAC providers and could provide a small expansion of income generating activities. Work had started on this and an initial workshop took place with inspectors in December 2022 but the project is currently on pause due to prioritising other commitments. • Considering our plans for growth, we started a review of our accreditation processes. We aim to enhance capacity and streamline processes while maintaining the integrity of our standards. The review is ongoing, and we have updated the re-accreditation application process.
<p>BAC will continue to promote and be active in the quality assurance Community</p>	<ul style="list-style-type: none"> • Prof. Phil Cardew, the Chair of Council, attended the ENQA General Assembly in October 2022, in Sweden. We submitted a nomination for Prof. Cardew to join the ENQA board. Although we were not successful on this occasion, we have shown our interest in being more active in the wider quality assurance arena. • Hayley Boyes, Higher Education Manager, attended the ENQA General Assembly in October 2023, in Dublin. Delegates from 42 different countries including all EHEA countries that have an ENQA agency were at the event. • Our BAC Annual Stakeholder Event took place in March 2023. This year, the themes of the event were internationalisation, qualifications and recognition with keynote speakers giving an overview of the topic followed by case studies from accredited providers. Held online, over 50 attendees were present across eight different countries including Switzerland, Ghana and South Africa to listen to BAC's update and hear from our speakers. • The dissemination event for the ENQA working group on external quality assurance of micro-credentials took place online 27 September 2022. It was a great success with over 200 attendees. It was clear how much work had taken place over the previous 18 months. Professor Anca Greere chaired the group on BAC's behalf and we were very pleased to have the opportunity to present a case study our upcoming Pilot Micro-credentials (MC) Scheme. • The BAC webinar series continued with good attendance from providers. • In November 2023, Professor Anca Greere (BAC Senior Consultant) and Lucy Fox (Deputy CEO) attended the European Quality Assurance Forum (EQAF) 2023 in Aveiro, Portugal. They delivered a workshop titled, 'Designing micro-credentials to respond to European quality assurance expectations: What might be successful parameters?' The workshop was one of only 9 chosen out of 21 proposals and it reached maximum attendance capacity on the day. It was very successful with lively discussion and helpful feedback as part of the review of the BAC MC scheme pilot.

Report of the Council Year to 31 August 2023

<p>BAC will continue to Grow and Diversify especially Global and European activities</p>	<ul style="list-style-type: none"> • We are committed to taking a strategic approach to the growth of BAC and we have prioritised plans and activities that will attract a wider range of new providers. We are looking at a three-tiered growth plan of short-, medium- and long-term goals but with two main objectives: <ul style="list-style-type: none"> -To increase the number of accredited providers -To explore other sources of income <p>We have identified that currently the most promising prospects for growth in the short term lie internationally and as a result, we are focused strongly on our international strategy.</p> • We agreed a six-month contract with Cormack Consultancy Group (CCG) which started in February 2023. Their remit was to identify specific opportunities with providers that meet our accreditation eligibility requirements. We have had several initial meetings and received one application through this route. We are also exploring projects outside of accreditation, including how we might support universities in Ukraine. • We created a one-page document about BAC so that trustees, and other BAC representatives, have material to take to meetings to use if appropriate on their travels for their own organisations or other business engagements.
<p>BAC will actively engage in the development of its Ethical responsibilities</p>	<ul style="list-style-type: none"> • The Privacy Policy and the Health and Safety Policy were updated in September 2022. • All staff have completed the following package of mandatory training via e-learning: <ul style="list-style-type: none"> -Personal Data Protection – 50 minutes – CPD certified -Keeping Information Secure (Global) – 45 minutes - CPD certified -Respect in the workplace – 40 minutes – CPD certified
<p>BAC will continue to develop good practice in its use of integrated use of the data and information collected from BAC inspections and other work</p>	<ul style="list-style-type: none"> • Implementation of the CRM is ongoing. Workflows have been put on the system and the accreditation team are using it alongside existing systems and problem solving as they go. We are working with the Project Manager to move on to the next phase. • As part of our Annual Survey for calculating annual accreditation fees, this year we requested that all providers submit data about the number of students enrolled in order to give a better picture of our providers overall. It will not affect how fees are calculated but we will collect, analyse and report on the information as appropriate.

Report of the Council Year to 31 August 2023

Risk management

The Council members have a duty to identify and review the risks to which the charity is exposed and to ensure appropriate controls are in place to provide reasonable assurance against fraud and error. The Council members delegate ongoing oversight to the Audit Committee for annual review to Council or reporting by exception. The Audit committee meet regularly where risk mitigation activities and emerging risks are reviewed. The Audit Committee has a standing agenda item for every meeting to review a dashboard of risks and a paper focusing on a specific area, as appropriate.

The members of Council are satisfied with the measures employed to assess and address identified risks.

Identified Risk	Mitigating Actions
Reputational damage arising out of inappropriate activity or behaviour	<p>BAC has embedded integrity and transparency across all activities.</p> <p>All BAC representatives are DBS checked when working with under 18's.</p> <p>BAC has produced clear inspection guidelines and conducts monitoring inspections to ensure they are adhered to.</p> <p>The Bribery and Anti-Corruption policy is strictly enforced and monitored.</p> <p>There are plans to provide workshops for trustees and staff on governance topics.</p> <p>BAC has the necessary legal insurance requirements and professional indemnity cover to provide financial support in the event BAC is accused of acting inappropriately.</p>
Loss of key staff	<p>We have Standard Operating Procedures (SOPs) for common processes so that other members of staff can take over when a staff member leaves BAC.</p> <p>We have introduced periodic benchmarking of salaries for job roles to ensure pay and other fiscal rewards are competitive.</p> <p>We periodically review the contract template and the Employee Handbook so we can be confident in our policies and procedures when recruiting to replace a member of staff.</p> <p>We have adopted a flexible working policy.</p> <p>Staff wellbeing is of high importance. We have a trained St John's Ambulance First Aider and a Mental Health First Aider on the staff team. The sickness policy is robust.</p>
Change in government student visa regime	<p>BAC has developed a range of value-added products including webinars and the Marketing Pack to attract and retain providers and reducing susceptibility to withdraw in the extreme event of BAC being removed from the list of UK government approved accrediting bodies.</p> <p>BAC has significantly increased due diligence in accepting new and reaccreditation applications and developed and implemented a more rigorous inspection process in order to build and maintain confidence in the inspection and accreditation process.</p>

Report of the Council Year to 31 August 2023

	<p>We are diversifying income streams to reduce reliance on the UK market and limit the impact of an unexpected change in government policy.</p> <p>We have a direct contact at the Home Office.</p>
<p>Competition increases in the quality assurance arena</p>	<p>BAC conducts regular reviews of BAC processes to ensure they meet the needs of external stakeholders.</p> <p>BAC continues to develop products and processes to ensure they remain world leading in terms of quality assurance.</p> <p>We are working to improve the BAC profile in all markets in which we operate.</p> <p>We have built and continue to build and develop links with stakeholders through webinars, news updates and the Provider Journey.</p> <p>We maintain strict cost controls to allow competitive prices to be offered to existing and new providers.</p> <p>We are increasing investment in developing and promoting BAC across all markets.</p>
<p>Financial loss arising out of financial impropriety</p>	<p>BAC maintains a large financial reserve equivalent to 18 months of operating costs.</p> <p>BAC has extensive and transparent financial controls and by choice undergoes an external audit each year despite being below the audit threshold.</p> <p>BAC has independent auditors who have a reputation for independence and rigour.</p> <p>There is a division of responsibility between staff who deal with banking protocols and finances. BAC's external auditor makes recommendations on internal control that arise out of the external audit and with reference to sector best practice.</p> <p>Funds drawn down for the Development Fund are managed separately. The use/spending of the Development Fund is overseen by the Audit Committee.</p> <p>The new investment portfolio has increased visibility in terms of where funds are invested as well as ethical screens and changes to investments can be made quickly through the investment manager.</p>
<p>Loss of ENQA Membership</p>	<p>A designated member of staff has key responsibilities relating to ENQA oversight and reports directly to the Standing Committee on ENQA compliance.</p> <p>We give relevant members of staff the necessary time and resources to attend ENQA events and to keep up to date with ENQA membership requirements.</p> <p>The whole staff team is made aware of any specific activity relating to ENQA compliance and they take collective responsibility for providing information and evidence as and when necessary.</p> <p>We review BAC procedures to make sure they are ENQA compliant on a regular basis.</p> <p>We have had a positive response to our interim progress report, no major causes for concern raised.</p>

Report of the Council Year to 31 August 2023

<p>Loss of EQAR Listing</p>	<p>A designated member of staff has key responsibilities relating to EQAR oversight and reports directly to the Standing Committee on EQAR compliance.</p> <p>We give relevant members of staff the necessary time and resources to attend EQAR events and to keep up to date with EQAR listing requirements.</p> <p>The whole staff team is made aware of any specific activity relating to EQAR compliance and they take collective responsibility for providing information and evidence as and when necessary.</p>
<p>Catastrophic infrastructure failure or cyber attack</p>	<p>All data is now backed up offsite.</p> <p>Key IT infrastructure is now in the Cloud with greater security and multiple backup processes.</p> <p>Financial information is now held in the Cloud via Xero and is considered to be as secure as is feasibly possible for an organisation of BAC's size.</p> <p>In the event of damage to or no access to premises, BAC telephone services have been rerouted to temporary accommodation.</p> <p>The policy is for staff not to leave their laptops in the office overnight so they can work remotely at short notice.</p> <p>We have implemented Multi Factor Authentication for our devices and Microsoft 365 with our IT support provider.</p>
<p>Significant and prolonged downturn in stock markets negatively impacting BAC investments and reducing capital to invest</p>	<p>We take expert advice on management of BAC investments.</p> <p>We have moved the portfolio to direct investments with more transparency and with better annual performance overall compared to the previous portfolio. We have the flexibility to make changes almost immediately.</p> <p>Investment performance is monitored by the Audit Committee.</p>
<p>International Recession</p>	<p>We maintain awareness of leading economic indicators.</p> <p>We maintain close links with the sector to monitor sector feedback.</p> <p>We continue to provide added value activities thereby increasing the value of BAC accreditation.</p> <p>We continue to communicate the value of accreditation to BAC providers, educators, students and governments.</p>
<p>Global economic crisis</p>	<p>Robust banking arrangements and appropriate insurance are in place.</p> <p>We can adapt financial arrangements to support providers such as dormancy criteria, payment plans and postponement of inspections on a case-by-case basis.</p>

Report of the Council Year to 31 August 2023

Regulatory Framework in the UK changes	<p>We maintain awareness of the political debate.</p> <p>We identify possible outcomes of different scenarios.</p> <p>We review the impact of possible scenarios on a regular basis to monitor the impact on BAC accredited institutions or on the impact on BAC's right to conduct accreditation activities.</p>
National or global pandemic	<p>We continue to develop our digitised processes to ensure remote working online can be applied to all BAC operations.</p> <p>We have introduced flexible working arrangements for staff and can implement full-time home working at short notice.</p> <p>The office arrangements and equipment are suitable for socially distanced working.</p> <p>Key staff undertake relevant Health and Safety training as necessary.</p> <p>We continue to receive Health and Safety and HR support services and advice from Worknest;</p> <p>We have communicated to staff what support there is for wellbeing, there is an updated Employee Handbook, an Employee Assistance Programme that offers counselling and a 24hr support line and we have a trained Mental Health First Aider on the team.</p> <p>We can adapt financial arrangements to support providers such as dormancy criteria, payment plans and postponement of inspections on a case-by-case basis.</p>
War in Ukraine	<p>We do not currently work with any providers who are based in Ukraine.</p> <p>We maintain awareness of ENQA messaging and the industry impact and response to the war.</p>
Post-Brexit UK visa/border rules change	<p>We will ensure we provide invitation letters to international visitors coming to the UK for BAC activities or events.</p>

Future plans

The Strategic Plan 2021-2026 is a five-year plan and detailed objectives and activities are monitored through an internal three-year action plan.

BAC objectives for 2023-25 are as follows:

Objectives	Proposed actions
BAC will invest in growth by expanding products and services to add value to current accredited providers	<ul style="list-style-type: none"> • We will complete a review of the MC scheme and if successful will be added to our existing suite of schemes and marketed as necessary. • We will update the website and develop a plan for long term improvements.

Report of the Council Year to 31 August 2023

<p>and to attract a wider range of new providers</p>	<ul style="list-style-type: none"> • We will develop further support for providers e.g., potential training module.
<p>BAC will continue to promote and be active in the quality assurance Community</p>	<ul style="list-style-type: none"> • We will continue our schedule of webinars. • The Annual Stakeholder Event will take place on 11 April 2024 and we will celebrate BAC's 40th anniversary. • We will undergo our third full review by The European Association for Quality Assurance in Higher Education (ENQA). • We will look for further opportunities to attend conferences and/or contribute papers.
<p>BAC will continue to Grow and Diversify especially Global and European activities</p>	<ul style="list-style-type: none"> • We will continue to build on successful international inspections, developing regional activities and potential working with ministries through free and paid projects. • We will continue to develop a portfolio of activities to actively promote BAC.
<p>BAC will actively engage in the development of its Ethical responsibilities</p>	<ul style="list-style-type: none"> • The review of our working practices will continue including updating our Data Protection policies and procedures and business continuity and cyber security plans. • We will calculate our carbon footprint and take steps towards zero carbon emissions. • We will look to implement ways in which we can lead in the promotion of environmental responsibility and being open about our sustainable development goals. • We will continue to review value for money from our suppliers whilst also recognising London Living Wage hourly rates.
<p>BAC will continue to develop good practice in its use of integrated use of the data and information collected from BAC inspections and other work</p>	<ul style="list-style-type: none"> • The implementation of the CRM will be complete, and we will monitor its use and look for further ways it can improve our operations. • We will focus on the report process for inspections and look to process them through using Sharepoint and all information uploaded to an online portal. • We will produce thematic reports and use them to influence the direction for development of inspection methodologies as well as themes for enhancement workshops. • We will conduct governance reviews as endorsed by Charities Good Practice and as preparation for increased work with a potential growth of activities.

Report of the Council Year to 31 August 2023

Financial review

A summary of the year's results can be found on page 211 of the financial statements. The deficit for the year before gains on investments was £48,227 (2022 – £84,699).

The total income for the year is £735,709, an increase of around £115,262 over the previous year (2022 - £620,447). This is a positive sign and suggests the charity is on track to returning to pre covid 19 performance.

During the period under review, expenditure has increased approximately by £58,000 which was expected. £16,000 is the result of increased inspection activity, £29,000 was spent to improve on the internal capabilities of the charity and the remaining £13,000 is related to increase in general running costs.

The net deficit for the year was £94,175 after loss on investments of £66,313. The loss in value is a result of the market's response to a number of factors and world events (2022 – deficit for the year was £118,992 after loss on investments of £34,293).

The forecasted year-end deficit prompted the board to take proactive measures to address the situation. To that end, the board has allocated £75,000 in general unrestricted funds with the aim of investing in the organisation's capabilities. This includes implementing new operational processes such as CRM software, which is expected to drive cost-saving efficiencies for the charity. Additionally, the funds will be used to support growth efforts and explore new opportunities to enhance the organisation's visibility and attract new providers to apply for accreditation.

Income

Accreditation fees

The income generated from accreditation fees has seen an improvement of approximately 19%, with a total of £393,989 in 2023, as compared to £330,548 in 2022. This is a result of a 5% increase in accreditation fees set in place in the previous year, we have also seen fewer organisations in dormancy and an encouraging sign of increased number of new providers who have been approved for accreditation in the year.

Inspection Fees

Inspection fee income has increased in the year by 11% to £280,397 (2022 – 24%, £253,231), mostly related to inspections that have been delayed due to Covid-19 have now taken place as well as the new providers who have joined the accreditation schemes this year and inspections that have taken place as a part of that process.

Other Income

The performance of our fixed asset investment portfolio has been below expectations, resulting in a net loss of £66,313 during the period under review. This is attributed to the impact of central banks around the world increasing rates in response to inflation and other global events on financial markets. The Audit Committee remains vigilant in its oversight of investment performance, given the ongoing instability in financial markets.

Expenditure

Charitable Activities

Direct expenditure includes the cost of conducting inspections of accredited organisations, offering workshops to providers on a range of issues and the improvement of internal capabilities. Expenditure is directly correlated with projects undertaken to increase scope of the charity's work and the inspection activity, which is influenced by the numbers and scope of inspections taken place in the year, direct expenditure has increased by circa 16% as predicted in the previous year, 2023 – £185,843 (2022 – £152,578).

Staff Costs and Running Costs

The total costs associated with staffing have increased in 2023 £405,402 (2022 – £388,832).

Running costs and other support costs have increased by 6% for the year, 2023 - £164,121 (2022 – £157,208). This increase in expenditure was expected as result of inflation.

Investment policy

The value of BAC's investments holding is a mixture of equities, fixed income and cash held for investment purposes. The market value at the reporting date stands at £1,109,896 in 2023 (2022 – £1,163,380). BAC's investments were held in a managed investment portfolio by Aberdeen Standard Capital (Charities Aid Foundation Managed Portfolio Service – Progressive Capital Growth Account).

The investment policy aims to generate capital growth over the medium to long term, without exposing BAC to the risks and volatility associated with a wholly equity focused portfolio. The Council members are satisfied with the performance of the investment portfolio during the year.

The charity also has cash at bank and in hand of £188,297 (2021 – £260,068). The liquidity risk is managed by maintaining a balance between the continuity of funding and flexibility of access to funds.

Reserves policy

The members of council consider that free reserves of the charity should represent at least six months' expenditure, equating to approximately £450,000, to ensure that the organisation can cope with all financial commitments without recourse to borrowing.

The free reserves on 31 August 2023 were £978,063 (2022 – £1,031,817) which exceeds the target level of reserves stated in the reserves policy. However, the Council members consider it appropriate to hold reserves in excess of the target, in consideration of the strategic objectives to be achieved and forecasted financial position over the short, medium, and long term along with the consequences of current world events, and the reserves policy reflects only the minimum level of free reserves required.

The Council will proactively assess the need for measures to mitigate the potential loss of funding resulting from providers unable to continue operations in the coming year. While it is possible that the effects of this may have a secondary impact on BAC, the Council will remain vigilant in monitoring the situation and have not deemed it necessary to utilise any more reserves than already approved in the current year.


Report of the Council Year to 31 August 2023

Going Concern

The Trustees are required to confirm that it is appropriate for the BAC to adopt the going concern principle in preparing its accounts. Based on the viability review and taking into consideration the BAC closing reserves and strong cash position, the Trustees of the British Accreditation Council have reasonable expectation that the charity will continue to operate for the 12 months from the signature of this report.

As such the Trustees of the BAC continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Approved by the Council on 1 February 2024 and signed on its behalf by:

[]
Stephen Jackson (Mar 8, 2024 10:21 GMT)

Independent auditor's report to the members of British Accreditation Council

Opinion

We have audited the financial statements of British Accreditation Council (the 'charitable company') for the year ended 31 August 2023 which comprise the statement of financial activities, the balance sheet, the statement of cash flows, the principal accounting policies and notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2023 and of 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 charitable company 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.

Conclusion relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Independent Auditor's Report Year to 31 August 2023

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Annual Report and Financial Statements, 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.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- ◆ the information given in the trustees' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- ◆ the trustees' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in 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:

- ◆ adequate accounting records have not been kept; or
- ◆ the 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; or
- ◆ the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the trustees' report and from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities, 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 charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- ◆ the Senior Statutory Auditor ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations; and
- ◆ we obtained an understanding of the legal and regulatory frameworks that are applicable to the charitable company and determined that the most significant frameworks which are directly relevant to specific assertions in the financial statements are those that relate to the reporting framework (Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), Companies Act, and the Charities Act) as well as data protection regulations.

Independent Auditor's Report Year to 31 August 2023

Auditor's responsibilities for the audit of the financial statements (continued)

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

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

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

- ◆ performed analytical procedures to identify any unusual or unexpected relationships.
- ◆ carried out substantive testing of expenditure including the authorisation thereof.
- ◆ reviewed journal entries to identify unusual transactions and substantiated these where appropriate; and
- ◆ assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias.

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

- ◆ review of the minutes of meetings of those charged with governance; and
- ◆ enquiring of management as to actual and potential litigation and claims.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the trustees and other management and the inspection of regulatory and legal correspondence, if any.

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

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

Independent Auditor's Report Year to 31 August 2023

Use of our report

This report is made solely to the charitable company's member, 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 member those matters we are required to state to it 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 member, for our audit work, for this report, or for the opinions we have formed.

Catherine Biscoe (Senior Statutory Auditor)
For and on behalf of Buzzacott LLP, Statutory Auditor
130 Wood Street
London
EC2V 6DL

Statement of financial activities (including income and expenditure account) Year to 31 August 2023

	Notes	Total 2023 £	Total 2022 £
Income from:			
Charitable activities			
. Accreditation and inspection fees	1	714,049	620,379
Investments	2	21,660	68
Total income		<u>735,709</u>	<u>620,447</u>
Expenditure on:			
Raising funds		7,536	3,380
Charitable activities			
. Accreditation and inspection		756,035	701,766
Total expenditure	3	<u>763,571</u>	<u>705,146</u>
Net expenditure before losses on investments		(27,862)	(84,699)
Losses on investments	10	(66,313)	(34,293)
Net expenditure and net movement in funds		(94,175)	(118,992)
Reconciliation of funds			
Total funds brought forward		1,122,906	1,241,898
Total funds carried forward		<u>1,028,731</u>	<u>1,122,906</u>


All of the charity's activities derived from continuing operations during the above two financial periods.

The charity has no recognised gains or losses other than those shown above.

Balance sheet 31 August 2023

	Notes	2023 £	2023 £	2022 £	2022 £
Fixed assets					
Intangible fixed assets	8	15,063		18,908	
Tangible fixed assets	9	9,086		16,410	
Debtors	11	11,942		11,942	
Investments	10	<u>1,109,896</u>		<u>1,163,380</u>	
			1,145,987		1,210,640
Current assets					
Debtors	12	25,594		33,973	
Cash at bank and in hand		<u>188,297</u>		<u>260,068</u>	
		213,891		294,041	
Creditors: amounts falling due within one year	13(a)	<u>(309,562)</u>		<u>(366,223)</u>	
Net current liabilities			(95,671)		(72,182)
Creditors: amounts falling due after one year	13(b)		<u>(21,585)</u>		<u>(15,552)</u>
Total net assets			<u>1,028,731</u>		<u>1,122,906</u>
The funds of the charity					
Unrestricted funds					
. General funds			978,063		1,031,817
. Designated funds	14		26,519		55,771
. Fixed asset fund	15		24,149		35,318
Total funds			<u>1,028,731</u>		<u>1,122,906</u>

The financial statements were approved by the Council and were signed on its behalf by:


[Stephen Jackson \(Mar 8, 2024 10:21 GMT\)](#)

Date: [08/03/2024]

Company Registration Number 01828990 (England and Wales)

Statement of cash flows Year to 31 August 2023

	Notes	2023 £	2022 £
Cash flows from operating activities:			
Net cash (used in) provided by operating activities	A	(79,367)	20,344
Cash flows from investing activities:			
Purchase of intangible fixed assets		—	(19,228)
Purchase of tangible fixed assets		(1,235)	(3,999)
Investment income received		21,660	68
Proceeds from sale of investments		424,556	1,030,610
Purchase of investments		(437,385)	(952,230)
Net cash provided by investing activities		7,596	55,221
Change in cash and cash equivalents in the year		(71,771)	75,565
Cash and cash equivalents at 1 September 2022	B	260,068	184,503
Cash and cash equivalents at 31 August 2023	B	188,297	260,068

Notes to the statement of cash flows for the year to 31 August 2023

A Reconciliation of net movement in funds to net cash used in (provided by) operating activities

	2023 £	2022 £
Net movement in funds (as per the statement of financial activities)	(94,175)	(118,992)
Adjustments for:		
Amortisation charge	3,845	320
Depreciation charge	8,559	8,139
Net losses on investments	66,313	34,293
Decrease/(increase) in debtors	8,379	(24,425)
(Increase)/decrease in creditors	(50,628)	121,077
Investment income receivable	(21,660)	(68)
Net cash (used in) provided by operating activities	(79,367)	20,344

B Analysis of cash and cash equivalents

	2023 £	2022 £
Total cash and cash equivalents: Cash at bank and in hand	188,297	260,068

C Analysis of changes in net debt

	At 1 September 2022	Cash flows	At 31 August 2023
Cash at bank and in hand	260,068	(71,771)	188,297
Total	260,068	(71,771)	188,297

Principal accounting policies Year to 31 August 2023

The principal accounting policies adopted, judgements made and key sources of estimation uncertainty in the preparation of the financial statements are laid out below.

Basis of preparation

These financial statements have been prepared for the year to 31 August 2023 and are presented in sterling rounded to the nearest pound.

The financial statements have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant accounting policies below or the notes to these financial statements.

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (Charities SORP FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The charity constitutes a public benefit entity as defined by FRS 102.

Critical accounting estimates and areas of judgement

Preparation of the financial statements requires the Council members and management to make significant judgements and estimates.

The items in the financial statements where these judgements and estimates have been made include:

- ◆ estimating the useful economic life of tangible fixed assets.
- ◆ estimating the useful economic life of intangible fixed assets.

Assessment of going concern

The Council members have assessed whether the use of the going concern assumption is appropriate in preparing these financial statements. The Council members have made this assessment in respect to a period of one year from the date of approval of these financial statements.

The Council members of the charity have concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the charity to continue as a going concern. In making this assessment the trustees have considered the impact of longer-term impacts of world events. In response, the charity has taken steps to ensure that there are sufficient levels of cash available as outlined in the trustees' report. Members of the Council are of the opinion that the charity will have sufficient resources to meet its liabilities as they fall due.

Principal accounting policies Year to 31 August 2023

Assessment of going concern (continued)

The net current liabilities position is due to advanced payments received for 2023/24 annual accreditation fees and Inspections planned to take place in the next financial year.

The most significant areas of judgement that affect items in the financial statements are detailed above. With regard to the next accounting period, the year ending 31 August 2024, the most significant areas that affect the carrying value of the assets held by the charity are the level of investment return and the performance of the investment markets (see the investment policy of the Report of the Council for more information).

Income recognition

Income is recognised in the period in which the charity has entitlement to the income, the amount of income can be measured reliably, and it is probable that the income will be received.

Income comprises fees from inspections and accreditations, consultancy contracts, investment income and grants.

Accreditation and inspection fees are recognised when they have been earned. For inspection fees, entitlement is measured with reference to the date that the inspection takes place.

Income of a contractual nature is recognised to the extent that it is probable that the economic benefits will flow to the charitable company and the revenue can be reliably measured. It is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value-added tax and other sales taxes.

Dividends are recognised once the dividend has been declared and notification has been received of the dividend due. Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charitable company; this is normally upon notification of the interest paid or payable by the bank.

Donations and grants are recognised on a receivable basis (where there are no performance-related conditions) where the receipt is probable, and the amount can be reliably measured.

Expenditure recognition

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to make a payment to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably.

Expenditure is classified under headings that aggregate all costs related to the category. Where costs cannot be directly attributed to particular headings, they have been allocated to activities on a basis consistent with the use of resources.

Governance costs, comprising the costs involved in the public accountability of the charity (including audit costs) and costs in respect to its compliance with regulation and good practice, are allocated to the cost of charitable activities.

Principal accounting policies Year to 31 August 2023

Intangible fixed assets

Intangible assets comprise of purchased computer software licences and any costs directly attributable to bringing the licences into use, such as configuration or implementation costs.

The costs of acquiring the software licences are capitalised where all the criteria in FRS 102 are met. Intangible assets are capitalised where expenditure of £3,000 or more is incurred.

Intangible assets are included initially at cost, Intangible assets are amortised on a straight-line basis over the life of the licence, currently standing at 20% per year, or the period over which the British Accreditation Council anticipates using the asset over its useful life. Amortisation charges are included in expenditure on charitable activities, as either direct costs or support costs, according to the activity that the underlying asset is used to deliver.

Tangible fixed assets

Items are capitalised where the purchase price exceeds £250. Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Computer equipment and office furniture	33% on cost
Fixtures and fittings	Straight line basis over the lease term (44 months).

Fixed asset investments

Fixed asset investments consist of listed investments.

Listed investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price.

The main form of financial risk faced by the charity is that of fluctuations in equity and investment markets due to wider economic conditions, the attitude of investors to investment risk, and changes in sentiment concerning equities within particular sectors or sub sectors.

Realised gains (or losses) on investment assets are calculated as the difference between disposal proceeds and their opening carrying value, or their purchase value if acquired subsequent to the first day of the financial year. Unrealised gains and losses are calculated as the difference between the fair value at the year end and their carrying value at that date. Realised and unrealised investment gains (or losses) are combined in the statement of financial activities and are credited (or debited) in the year in which they arise.

Debtors

Debtors are recognised at their settlement amount, less any provision for non-recoverability. Prepayments are valued at the amount prepaid. They have been discounted to the present value of the future cash receipt where such discounting is material.

Principal accounting policies Year to 31 August 2023

Cash at bank and in hand

Cash at bank and in hand represents such accounts and instruments that are available on demand or have a maturity of less than three months from the date of acquisition. Deposits for more than three months but less than one year have been disclosed as short-term deposits.

Creditors and provisions

Creditors and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Creditors and provisions are recognised at the amount the charity anticipates it will pay to settle the debt. They have been discounted to the present value of the future cash payment where such discounting is material.

Taxation

The British Accreditation Council is a registered charity and therefore is not liable to income tax or corporation tax on income derived from its charitable activities, as it falls within various exemptions available to registered charities.

Fund accounting

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the Council members. Designated funds which are set aside at the discretion of the Trustees for a specific purpose, or where funds are effectively constrained by their application in operational fixed assets.

The fixed asset fund represents the net book value of the fixtures, fittings, office furniture, computer equipment of the charity and intangible assets referring to software licenses. Such assets are vital to the charity being able to carry out its work and the value invested in the assets cannot, therefore, be realised in order to meet future expenditure or liabilities. To emphasise this point, the net book value of the assets is represented by a specific fixed asset fund on the balance sheet.

The trustees have designated funds of 75,000 in the previous year for the purpose and any application of designated funds are set out in note 14 to the accounts.

Pension costs and other post-retirement benefits

The charity operates a defined contribution pension scheme. Contributions payable to the charity's pension scheme are charged to the statement of financial activities in the period to which they relate.

Notes to the financial activities Year to 31 August 2023

1 Income from charitable activities – Accreditation and inspection fees

	2023 £	2022 £
Accreditation Fees UK	393,989	330,548
Inspection Fees UK	280,397	253,231
Application Fees	11,550	8,600
Other Fees	28,113	28,000
	714,049	620,379

2 Investment income

	2023 £	2022 £
Interest receivable	1,295	68
Dividends from investment portfolio	20,365	—

3 Expenditure on:

	Direct costs £	Support costs			2023 Total £	2022 Total £
		Running costs £	Finance £	Staff costs £		
Raising funds						
. Investment manager fees	7,536	—	—	—	7,536	3,380
Accreditation and inspection:						
. Accreditation and inspection delivery	185,843	138,634	669	405,402	730,548	683,236
. Bad debts	—	—	—	—	—	2,180
. Governance (note 4)	—	25,487	—	—	25,487	16,350
	193,379	164,121	669	405,402	763,571	705,146

	Direct costs £	Support costs			2022 Total £	2021 Total £
		Running costs £	Finance £	Staff costs £		
Raising funds						
. Investment manager fees	3,380	—	—	—	3,380	2,007
Accreditation and inspection:						
. Accreditation and inspection delivery	152,578	140,858	968	388,832	683,236	599,907
. Bad debts	2,180	—	—	—	2,180	1,291
. Governance (note 4)	—	16,350	—	—	16,350	36,732
	158,138	157,208	968	388,832	705,146	639,937

Notes to the financial activities Year to 31 August 2023

4 Governance costs

	2023	2022
	£	£
Legal and professional fees	4,161	3,587
Council Expenses	2,573	1,058
Accountancy fees	2,013	2,013
Auditor's remuneration	16,740	9,690
	25,487	16,350

5 Net expenditure

	2023	2022
	£	£
Net expenditure is stated after charging:		
Auditor's remuneration – statutory audit		
· Current year	13,140	9,690
· Prior Year	3,600	—
Amortisation	3,846	320
Depreciation	8,559	8,139

6 Transactions with Council members' and key management personnel

The Council members consider that they, together with the Chief Executive and the Chief Inspector, comprise the key management personnel of the charity in the period under review. The total remuneration of the key management personnel for the year (including taxable benefits and employer's pension and national insurance contributions) was £115,736 (2022 – £112,761).

The 11 Council members received no remuneration or other benefits for the year ended 31 August 2023 (2022 – £nil).

Expenses were reimbursed to the 4 Council members for out-of-pocket expenses of £734 (2022 – £467).

Notes to the financial activities Year to 31 August 2023

7 Staff costs

	2023 £	2022 £
Wages and salaries	333,954	324,277
Social security costs	31,429	29,796
Pension costs	31,200	29,121
Agency & Freelance staff	8,819	5,638
	405,402	388,832

The average monthly number of employees during the year was as follows:

	Average headcount	
	2023 No.	2022 No.
Administration/ management	5	5
Inspection	2	2
Accreditation	2	2
	9	9

The number of employees who earned £60,000 per annum or more (including taxable benefits but excluding employer pension contributions) during the year was as follows:

	2023 No.	2022 No.
£70,001 - £80,000	—	1

The staff member in the previous year in the £70,001 to £80,000 bracket, has reduced their contracted hours in the current year and total remuneration was below £60,000.

8 Intangible fixed assets

	Software Licenses £	Total £
Cost		
At 1 September 2022	19,228	19,228
Additions	—	—
At 31 August 2023	19,228	19,228
Amortisation		
At 1 September 2022	320	320
Charge for the year	3,845	3,845
At 31 August 2023	4,165	4,165
Net book value		
At 31 August 2023	15,063	15,063
At 31 August 2022	18,908	18,908

Notes to the financial activities Year to 31 August 2023

9 Tangible fixed assets

	Computer equipment and office furniture £	Fixtures and fittings £	Total £
Cost			
At 1 September 2022	76,599	16,209	92,808
Additions	1,235	—	1,235
Disposals	(18,515)	—	(18,515)
At 31 August 2023	<u>59,320</u>	<u>16,209</u>	<u>75,528</u>
Depreciation			
At 1 September 2022	70,504	5,894	76,398
Charge for the year	4,138	4,421	8,559
Eliminated on Disposal	(18,515)	—	(18,515)
At 31 August 2023	<u>56,127</u>	<u>10,315</u>	<u>66,442</u>
Net book value			
At 31 August 2023	3,192	5,894	9,086
At 31 August 2022	<u>6,095</u>	<u>10,315</u>	<u>16,410</u>

10 Fixed assets investments

	2023 £	2022 £
Market value		
At 1 September 2022	1,111,900	1,139,498
Additions at cost	473,300	1,037,305
Disposal at opening market value (proceeds £424,556; loss £40,886)	(465,442)	(1,093,206)
Net unrealised (loss) gain	(25,427)	28,303
At 31 August 2023	<u>1,094,331</u>	1,111,900
Cash held within listed investments	15,565	51,480
	<u>1,109,896</u>	<u>1,163,380</u>
Cost		
At 31 August 2023	<u>1,106,858</u>	1,135,593
At 31 August 2022	<u>1,135,593</u>	984,192
		Total 2023 £
Unrealised gains included above on listed investments (see below)		
Reconciliation of movements in unrealised gains on investments		
Unrealised gains at 1 September 2022		27,787
Unrealised gains brought forward and losses realised in the year		<u>(31,095)</u>
Net unrealised losses in the year		<u>(25,427)</u>
Unrealised gains at 31 August 2023		<u>(28,735)</u>

Notes to the financial activities Year to 31 August 2023

10 Fixed assets investments (continued)

The following holdings comprised a material holding when compared to the value of the total listed investment portfolio at 31 August 2023:

	Market Value £	%
Aberdeen Offshore Sterling Fixed Int Fund Z	66,501	15
Aberdeen Standard Liquidity Fd Lux Sterling L1 GBP Dis	89,905	8.1
United Kingdom(Government Of) 3.5% Bds 22/10/2025 GBP1000	72,485	6.5
Aberdeen Offshore Global Fixed Int Fund Z Inc	59,458	5.4

Listed investments at 31 August 2023 comprised the following:

	2023 £	2022 £
Alternative Strategies	80,770	323,339
Overseas Equities	453,749	396,607
U.K Equities	148,599	147,746
U.K Fixed Interest	411,213	244,208
	1,094,331	1,111,900
Capital Cash Account	15,565	51,480
	1,109,896	1,163,380

11 Debtors: amounts falling due after one year

	2023 No.	2022 No.
Other Debtors	11,942	11,942
	11,942	11,942

Other debtors consist of a repayable deposit paid to secure the leasehold contract for the new head office premises.

12 Debtors: amounts falling due within one year

	2023 £	2022 £
Charitable activity debtors	10,628	19,207
Prepayments and accrued income	14,966	14,766
	25,594	33,973

Notes to the financial activities Year to 31 August 2023

13 (a) Creditors: amounts falling due within one year

	2023 £	2022 £
Charitable activity creditors	8,659	26,424
Social security and other taxes	9,159	9,031
Accruals	22,107	32,063
Deferred income	266,794	297,044
Other creditors	2,843	1,661
	309,562	366,223

Deferred income relates to inspection fees received in advance of inspections taking place and accreditation fees paid in advance for the next academic year, Movements on deferred income are shown below:

	2023 £
Deferred income at 1 September 2022	297,044
Resources released in the year	(297,044)
Resources deferred in the year	266,794
Deferred income at 31 August 2023	266,794

13 (b) Creditors: amounts falling due after one year

	2023 £	2022 £
Provisions	21,585	15,552
	21,585	15,552

The trustees have acknowledged their responsibility to uphold and enhance professional standards in the field of Higher and Further Education at an international level. To fulfil this constructive obligation to its stakeholders, BAC has decided to remain a member of ENQA, an organization that conducts a review of its members every five years at a cost of approximately £36,000. The cost of the review is provisioned for equally over the preceding 5 years.

14 Designated funds

	Sep-22 £	New designations £	Utilised / Released £	Sep-23 £
Internal Capabilities	55,771	—	(29,252)	26,519
	55,771	—	29,252	26,519

The board have set aside funds for various projects internal development and marketing activities, with the aim of improving the efficiency of operations and furthering the charity's increase the profile with a larger number of organisations.

The funds are expected to be utilised within a time frame of 1 years from the reporting date.

Notes to the financial activities Year to 31 August 2023

15 Fixed asset fund

	Total £
At 1 September 2022	35,318
Net movements in year	(11,169)
At 31 August 2023	24,149

The fixed assets fund represents the net book value of the charity's fixed assets. The fund recognises the fact that the assets are required for the day-to-day operation of the charity and are not available for other purposes or as a general reserve.

16 Related party transactions

Dr Esther Huertas is on the council of trustees for BAC and European Network for Quality Assurance in Higher Education (ENQA). The BAC are a registered member association of ENQA and make annual payments for membership and recognise a constructive obligation to undergo a membership review every 5 years. Total expenditure related to ENQA in the year was £10,559, which accounts for £4,527 annual membership fee's due in the year and a provision of £6,032 has been recognised (2022: £19,644 expenditure and a provision of £6,242). There are no other outstanding balances at the end of the year.

Dr Anthony Manning is on the council of trustees for BAC and representative speaker for the UK Council for International Student Affairs (UKCISA). The BAC are a registered member association of UKCISA and make annual payments for membership. Membership fee due in the year was £545 (2022: £518)

Council of Validating Universities has a secretariat agreement with the BAC, as a result of this relationship Dr Janet Bohrer has been appointed as secretary of CVU, the reason for this is so she may carry out the obligations agreed between CVU and BAC, only when instructed by the council members of CVU. The total income received by the BAC is £28,000 (2022: £28,000), There are no outstanding debts due at the end of the year.

Other than as set out above and in note 6, there were no other transactions between the charity and any of its related parties.

17 Ultimate controlling party

The charity is under the ultimate control of the Council members.

18 Financial commitments

At 31 August 2023 the charity had total commitments under non-cancellable operating leases as follows:

	2023 Land and buildings £	2022 Land and buildings £
Operating lease payable		
Within one year	42,373	42,373
Between 2 to 5 years	13,467	55,840






B0402 2023 accounts final

Final Audit Report

2024-03-08

Created:	2024-03-05
By:	Lucy Fox (lucy.fox@the-bac.org)
Status:	Signed
Transaction ID:	CBJCHBCAABAAHzc6A8Uq-S1rtJP2WllelCVezWAAcxXe

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2024-03-05 - 8:54:14 PM GMT
-  Document emailed to Stephen Jackson (sjacksonx7@msn.com) for signature
2024-03-05 - 8:54:19 PM GMT
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2024-03-08 - 10:19:50 AM GMT
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Buzzacott LLP
130 Wood Street
London
EC2V 6DL

Your ref B0402/CHB/TB

Dear Buzzacott LLP

Audit representations - British Accreditation Council

This representation letter is provided in connection with your audit of the financial statements of British Accreditation Council ('the charity') for the year ended 31 August 2023 for the purposes of expressing an opinion as to whether the financial statements are true and fair, in all material respects.

We confirm that the following representations are made on the basis of enquiries of the trustees, management and staff with relevant knowledge and experience (and, where appropriate, of inspection of supporting documentation) sufficient to satisfy ourselves that we can properly make each of the following representations to you:

General

We have fulfilled our responsibilities under the Companies Act 2006, as set out in the terms of engagement letter dated 5 October 2022 for the preparation of the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (UK GAAP) which give a true and fair view and for making accurate representations to you as auditor.

We confirm that all the accounting records have been made available to you for the purpose of your audit and all the transactions undertaken by the charity have been adequately reflected and recorded in the accounting records. All other records and related information, including minutes of trustee meetings, have been made available to you. We have provided additional information that you have requested from us for the purposes of the audit and we have given you unrestricted access to persons within the charity in order to obtain audit evidence.

Going concern

We believe that the charity's accounts should be prepared on a going concern basis on the grounds that, based on the charity's assessment of the feasibility of future plans, current and future sources of funding or support will be adequate for the charity's needs.

We believe that no further disclosures relating to the charity's ability to continue as a going concern need to be made in the accounts. In assessing going concern, we have paid particular attention to a period of not less than one year from the date of approval of the accounts.

Accounting policies

We believe that the accounting policies and estimation techniques adopted for the preparation of the financial statements are the most appropriate to the circumstances in which the charity operates.

Fraud

We acknowledge our responsibility for the design and implementation of internal controls to prevent and detect fraud, and have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud. We are not aware of any irregularities, including fraud and suspected fraud, involving management, employees who have significant roles in internal control, or those employed by the charity where the fraud could have a material effect on the financial statements. No allegations of such irregularities or breaches have come to our attention.

Laws and regulations

Details of all laws and regulations that are fundamental to the operation and activities of the charity have been made available to you. We confirm that we have informed you of all serious incident reports made to the Charity Commission.

We are not aware of any breaches or possible breaches of statute, regulations, contracts, agreements or the charity's Memorandum and Articles of Association which might prejudice the charity's going concern status or that might result in the charity suffering significant penalties or other loss. No allegations of such breaches have come to our notice. We are not aware of any reason why the tax status of the charity may be jeopardised.

Loans and arrangements

The charity has not had nor entered into at any time during the year, any arrangement, transaction or agreement to provide credit facilities (including loans, quasi-loans or credit facilities) for trustees nor to guarantee or provide security for such matters.

Liabilities, provisions and contingencies

We are not aware of any liabilities, provisions, contingent assets, contingent liabilities or capital commitments other than those included or disclosed in the financial statements.

Related parties

We confirm that we have disclosed to you the identity of the charity's related parties and all of the transactions with those parties of which we are aware. Other than those included in the financial statements, the charity has not entered into any transactions involving trustees, officers or other related parties, which require disclosure under the Companies Act or Financial Reporting Standards.

Post balance sheet events

There have been no events since the balance sheet date which necessitate revision of the figures included in the financial statements or inclusion of a note thereto. Should further material events occur, which may necessitate revision of the figures included in the financial statements or inclusion of a note thereto, we will advise you accordingly.

Grants and donations

All grants, donations and other income, the receipt of which is subject to specific terms or conditions, have been identified in the financial statements and accounting records appropriately or otherwise notified to you. There have been no breaches of terms or conditions during the period in the application of such income.

Accounting estimates

The methods, the data, and the significant assumptions used by us in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in the context of the applicable financial reporting framework.

Adjustments

We confirm that we have agreed the audit adjustment detailed in your post-audit report which has been made to the figures which we presented to you for audit.


Unadjusted misstatements

We confirm that, aside from the adjustment mentioned above, we have been notified by you that only clearly trivial misstatements were identified during the audit.

Ethics

We confirm that we have been notified by you that there are no matters which you are required to raise with us to comply with your profession's ethical guidance which are in addition to the matters included in your planning letter to us dated 28 September 2023.

Yours faithfully


Stephen Johnson (Mar 8, 2024 10:19 GMT)

Signed on behalf of the board of trustees of
British Accreditation Council

08/03/2024

Date






BAC letter of representation

Final Audit Report

2024-03-08

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By:	Lucy Fox (lucy.fox@the-bac.org)
Status:	Signed
Transaction ID:	CBJCHBCAABAAXMVpXawDmhY-FZ6NIIYUw1NOU4wQATJp

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2024-03-05 - 8:45:06 PM GMT
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