

British Accreditation Council for Independent Further and Higher Education

Annual Report and Financial Statements

31 August 2025

Company Registration Number
01828990 (England and Wales)

Charity Registration Number
326652



Reference and administrative details

Members of the Council	Prof Mary Bishop (Deputy Chair) Prof Phil Cardew (Chair) Mr Kevin Everett Mr Marc Griffith Dr Esther Huertas Hidalgo Dr Stephen Jackson (Honorary Treasurer) Mrs Mariam Kilanava (Appointed April 2025) Mr Alam Mahbubal (Student member) Dr Anthony Manning (Chair of Accreditation Committee) Ms Ros Parker OBE (Appointed April 2025) Prof Rhys Rowland-Jones (Appointed April 2025) Dr Victoria Stec
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 Audit 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	LGT Wealth Management UK LLP 14 Cornhill London EC3V 3NR
Key Management Personnel	Dr Janet Bohrer (Chief Executive) Diana Morriss (Chief Inspector) Lucy Fox (Deputy Chief Executive)

Contents

Reports

Report of the Council	1
Independent auditor's report	15

Financial statements

Statement of financial activities	20
Balance sheet	21
Statement of cash flows	22
Principal accounting policies	23
Notes to the financial statements	27

Report of the Council Year to 31 August 2025

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 2025.

The financial statements have been prepared in accordance with the accounting policies set out on page 23 to 26 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 are currently in post, 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.

Dr Nicola Mellor resigned in the current year, at the end of her term on 31 October 2024.

Prof Mary Bishop was appointed Deputy Chair of Council in February 2025.

Three new trustees were recruited in April 2025:

Mrs Mariam Kilanava

Prof Rhys Rowland-Jones

Ms Ros Parker OBE

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.

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.

Report of the Council Year to 31 August 2025

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

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 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, the Honorary Treasurer and the Chair of the Accreditation Committee. Duties of nominations and governance are discharged by the Standing Committee.

The Audit and Risk 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 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 has 6 online meetings and 4 offline meetings a year.

Mrs Claire Blanchard was appointed Deputy Chair of the Accreditation Committee in September 2025. This role was previously vacant.

Key management personnel

In the period of review, Council members consider that they, together with the Chief Executive, Deputy 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 Chief Executive, received a 5% increase in salary which was applicable from 1 September 2025. 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 2024/25, the charity received no complaints about fundraising activities which is no change from the previous year.

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 support 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 webinars 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.

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 2024 to 31 August 2025 and compares these with the figures

Report of the Council Year to 31 August 2025

from the previous year. There is a decrease in the overall number of accredited providers due to an increase in the number of forced withdrawals this year. Several providers were withdrawn for various reasons of non-compliance with BAC requirements such as failure to pay accreditation fees, failure to complete the re-accreditation process within the required timeline and/or lack of communication.

	September 2024 to August 2025	September 2023 to August 2024
New institutions awarded accreditation – UK	7	15
New institutions awarded accreditation –international	5	3
Total number of accredited institutions **	181	194
Number of international accredited institutions **	40	39
Withdrawals	25	19
Applications received from new institutions	18	16
Inspections conducted	55	86

** numbers as of 31 August

BAC’s objectives 2024-25: Progress made

With regard to BAC’s objectives for 2024/25, 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"> The BAC webinar series continued to be developed with good attendance from providers. BAC developed and published on the website an AI charter. The Accreditation Committee continued to publish meeting dates on the BAC website, which has allowed those being inspected to see when decisions will be made which has improved engagement with providers. As the next BAC strategic plan is due from 2026 work began during the year to develop that new plan. To ensure that stakeholder feedback was considered, BAC held deep dive meetings with Standing Committee members, the Accreditation Committee members and inspectors at their annual event to assess the current BAC values and consider further ways on embedding diversification in what BAC offers.
BAC will continue to promote and be active in the quality assurance Community	<ul style="list-style-type: none"> The European Association for Quality Assurance in Higher Education (ENQA) review process concluded positively this year. After a site visit in September 2024 renewed membership was endorsed by the ENQA Board in September 2025. BAC has been a member of ENQA since 2015 and this year starts the third cycle of ENQA membership. BAC used the outcome of this review for reconfirming European Quality Assurance Register for Higher Education (EQAR) registration, confirmed in June 2025. BAC’s membership of ENQA and EQAR registration contributes to strategic direction-setting and guides work across all of BAC’s activities. Both the ENQA and EQAR review reports are available on the BAC website. During 2025 BAC established an AI working group consisting of providers, inspectors and Council members.

Report of the Council Year to 31 August 2025

	<p>The group is chaired by the Chair of the BAC Council and has discussed AI as it can influence BAC's work.</p> <ul style="list-style-type: none"> • Our BAC Annual Stakeholder Event took place in May 2025. An external speaker attended to help BAC stakeholders better understand the changes happening in vocational education.
<p>BAC will continue to Grow and Diversify especially Global and European activities</p>	<ul style="list-style-type: none"> • The Micro-credentials (MC) Scheme pilot continues. We are reviewing the scheme and the process to decide the next steps for this scheme. • BAC staff attended ENQA workshops and events during the year.
<p>BAC will actively engage in the development of its Ethical responsibilities</p>	<ul style="list-style-type: none"> • BAC continues to focus on maintaining governance activity, which is appropriately streamlined, and on developing its operations via effective strategic planning and rigorous monitoring of BAC resources. During the year the Audit Committee added Risk to its title to more accurately reflect the work it undertook and we developed a risk dash board that could be updated to be discussed at every committee meeting. The Accreditation Committee Chair was invited to join the Standing Committee and a member of the Accreditation Committee was invited to act as deputy chair of the Accreditation Committee. All these changes together made our committees more resilient to being quorate when any specific individuals might be absent. • After an open call three new Trustees were interviewed and invited to join Council. • The terms of reference (ToRs) for each of the committees are reviewed on an annual basis for their continued fitness for purpose. Each of the ToR documents is publicly available and has been awarded a Crystal Mark by the Plain English Campaign. • The Health and Safety Policy and Health and Safety Handbook have been reviewed and updated.
<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"> • Work continued with transitioning data and processes into our CRM system. • A review of the BAC inspection process was completed June 2025 and along with the findings from this report and from the ENQA and EQAR review reports it will help determine the way forward for BAC as we develop our next strategic plan.

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 and Risk Committee for annual review to Council or reporting by exception. The Audit and Risk Committee meet regularly where risk mitigation activities and emerging risks are reviewed. The Audit and Risk 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. The items below are listed in order of significance to the charity based on the mechanism used to assess the risk. When the new strategic plan has been developed the risk register and the identified risks highlighted below will be reviewed against that strategic plan.

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 18s.</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>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 re-accreditation 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 2025

	<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>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 and Risk Committee.</p> <p>The 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>Fraud</p>	<p>Audit and Risk Committee have delegated responsibilities from Council for oversight of detailed financial activities, including budget preparation and cashflow monitoring, and they report back to the Council.</p> <p>Finances are also a recurring item on the agenda of every Standing Committee and Council meeting.</p> <p>Where possible there is a separation of duties so no one individual has sole responsibility for the financial transactions of the organisation.</p> <p>Staff have undertaken information security training which included cyber awareness.</p> <p>All staff are expected to report anything suspicious and to communicate any irregular events or incidents.</p>

Report of the Council Year to 31 August 2025

<p>Loss of ENQA Membership</p>	<p>A designated member of staff has key responsibilities relating to ENQA oversight.</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 recruited a consultant to help us prepare for our ENQA review and subsequently our application for renewal for EQAR during 2024/25.</p>
<p>Loss of EQAR Listing</p>	<p>A designated member of staff has key responsibilities relating to EQAR oversight.</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>We recruited a consultant to help us prepare for our ENQA review and subsequently our application for renewal for EQAR in 2025.</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>

Report of the Council Year to 31 August 2025

	Investment performance is monitored by the Audit and Risk Committee.
International Recession	<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>
Global economic crisis	<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>
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>
In-country conflict and instability	We assess risks and practical implications of implementing our processes when assessing eligibility during enquiry process.
Post-Brexit UK visa/border rules change	We will ensure we provide invitation letters to international visitors coming to the UK for BAC activities or events.

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. This year we have started planning for the next Strategic Plan and started to make some internal changes to accommodate that next strategic phase by recruiting two new members of staff to work in our accreditation team. They will join BAC in 2026.

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 and to attract a wider range of new providers	<ul style="list-style-type: none"> We will complete the review of the MC scheme and if successful will be added to our existing suite of schemes and marketed as necessary. We will strengthen the use of the Common Quality Framework, to add value to accredited providers as well as to attract new providers. We will update the website and develop a plan for long term improvements. 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 again in April/ May 2026. We will build on the outcome of the review by The European Association for Quality Assurance in Higher Education (ENQA) and introduce oversight of actions and recommendations for further development from ENQA and from the review of our inspection processes in the development of all BAC inspection schemes. 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 including contributing to international Memorandum of Understandings with other quality assurance agencies. 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.

Report of the Council Year to 31 August 2025

	<ul style="list-style-type: none">• 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 process them using Sharepoint and all information uploaded to an online portal.• We will consider how to 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.

Financial review

A summary of the year's results can be found on page 20 of the financial statements. The deficit for the year before gains on investments was £54,220 (2024 – £51,739).

The total income for the year is £781,828, an increase of £36,438 over the previous year (2024 - £745,390). This is a positive sign and suggests the charity has stable and growing income stream.

During the period under review, expenditure has increased approximately by £38,919 which was expected. This is a result of inflationary effects on running costs, increased costs related to inspections.

The net deficit for the year was (£45,007) after a gain on investments of £9,213 (2024 – Net income for the year was £88,404 after gain on investments of £140,143).

Income

Accreditation fees

The income generated from accreditation fees has seen an improvement of approximately 8%, with a total of £460,910 in 2025, as compared to £426,205 in 2024. This is a result of a 5% increase in accreditation fees set in place in the previous year and new providers who have successfully achieved the BAC accreditation.

Inspection Fees

Inspection fee income has increased in the year by 1% to £247,736 (2024 – 12%, £245,171).

Other Income

The performance of our fixed asset investment portfolio has slightly improved, resulting in a net gain of £9,213 during the period under review (2024 – net gain of £140,143).

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. These costs

Report of the Council Year to 31 August 2025

are linked to the projects that expand the charity's work and the number of inspections it conducts. The amount spent on these activities is affected by how many inspections happen in the year. Direct expenditure has decreased by circa 4% as predicted in the previous year, 2025 – £191,796 (2024 – £183,731).

Staff Costs and Running Costs

The total costs associated with staffing have increased in 2025 - £448,475 (2024 – £437,487).

Running costs and other support costs have increased in the year, 2025 - £194,902 (2024 – £174,971). 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 £1,151,920 in 2025 (2024 – £1,207,484). BAC's investments were held in a managed investment portfolio by LGT Wealth Management UK LLP.

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 £246,007 (2024 – £195,910). 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 2025 were £1,039,803 (2024 – £1,081,642) 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.


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.

Report of the Council Year to 31 August 2025

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 12/02/2026 and signed on its behalf by:

[]
Dr Stephen Jackson (Feb 12, 2026 14:00:56 GMT)

Dr Stephen Jackson

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 2025 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 2025 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.

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.

Independent Auditor's Report Year to 31 August 2025

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.

Independent Auditor's Report Year to 31 August 2025

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 2025

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 2025

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.

Buzzacott Audit LLP

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

Date: 12 February 2026

Statement of financial activities (including income and expenditure account) Year to 31 August 2025

	Notes	Total 2025 £	Total 2024 £
Income from:			
Charitable activities			
. Accreditation and inspection fees	1	746,013	706,806
Investments	2	35,815	38,584
Total income		781,828	745,390
Expenditure on:			
Raising funds		7,791	7,871
Charitable activities			
. Accreditation and inspection		828,257	789,258
Total expenditure	3	836,048	797,129
Net expenditure before gains on investments		(54,220)	(51,739)
Gains on investments	10	9,213	140,143
Net (expenditure)/income and net movement in funds		(45,007)	88,404
Reconciliation of funds			
Total funds brought forward		1,117,135	1,028,731
Total funds carried forward		1,072,128	1,117,135

All of the charity's activities derived from continuing operations during the above two financial periods, Furthermore, all income and expenditure relates to unrestricted funds in both current and prior period.

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

Balance sheet 31 August 2025

	Notes	2025 £	2025 £	2024 £	2024 £
Fixed assets					
Intangible fixed assets	8	7,371		11,217	
Tangible fixed assets	9	13,499		2,921	
Investments	10	<u>1,151,920</u>		<u>1,207,484</u>	
			1,172,790		1,221,622
Current assets					
Debtors due after more than one year	11	11,941		-	
Debtors due within one year	12	51,079		41,396	
Cash at bank and in hand		<u>246,007</u>		<u>195,910</u>	
		309,027		237,306	
Creditors: amounts falling due within one year	13(a)	<u>(399,396)</u>		<u>(341,793)</u>	
Net current liabilities			(90,369)		(104,487)
Creditors: amounts falling due after one year	13(b)		<u>(10,293)</u>		-
Total net assets			<u>1,072,128</u>		<u>1,117,135</u>
The funds of the charity					
Unrestricted funds					
. General funds			1,039,803		1,081,642
. Designated funds	14		11,455		21,355
. Fixed asset fund	15		<u>20,870</u>		<u>14,138</u>
Total funds			<u>1,072,128</u>		<u>1,117,135</u>

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


[Dr Stephen Jackson \(Feb 12, 2026 14:00:56 GMT\)](#)

Dr Stephen Jackson

Date: [12/02/2026]

Company Registration Number 01828990 (England and Wales)

Principal accounting policies Year to 31 August 2025

	Notes	2025 £	2024 £
Cash flows from operating activities:			
Net cash (used in) operating activities	A	(33,920)	(73,526)
Cash flows from investing activities:			
Purchase of tangible fixed assets		(16,575)	—
Investment income received		35,815	38,584
Proceeds from sale of investments		547,386	174,899
Purchase of investments		(477,889)	(109,500)
Net cash provided by investing activities		88,737	103,983
Change in cash and cash equivalents in the year		54,817	30,457
Cash and cash equivalents at 1 September 2024	B	234,319	203,862
Cash and cash equivalents at 31 August 2025	B	289,136	234,319

Notes to the statement of cash flows for the year to 31 August 2025

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

	2025 £	2024 £
Net movement in funds (as per the statement of financial activities)	(45,007)	88,404
Adjustments for:		
Amortisation charge	3,846	3,846
Depreciation charge	5,997	6,165
Net (gains) on investments	(9,213)	(140,143)
(Increase) in debtors	(21,624)	(3,860)
Increase in creditors	67,896	10,646
Investment income receivable	(35,815)	(38,584)
Net cash (used in) operating activities	(33,920)	(73,526)

B Analysis of cash and cash equivalents

	2025 £	2024 £
Cash at bank and in hand	246,007	195,910
Cash Held in Listed Investments	43,129	38,409
Total cash and cash equivalents	289,136	203,862

C Analysis of changes in net debt

	At 1 September 2024	Cash flows	At 31 August 2025
Cash at bank and in hand	195,910	50,097	246,007
Cash Held in Listed Investments	38,409	4,720	43,129
Total	234,319	54,817	289,136

Principal accounting policies Year to 31 August 2025

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 2025 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.
- ◆ estimating the provision for costs associated with the membership review by the European Association for Quality Assurance in Higher Education (ENQA).

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.

Assessment of going concern (continued)

The net current liabilities position is due to advanced payments received for 2025/26 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 2026, 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.

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.

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 previous years for the purpose of developing internal capabilities and new provider schemes 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 2025

1 Income from charitable activities – Accreditation and inspection fees

	2025 £	2024 £
Accreditation Fees UK	460,910	426,205
Inspection Fees UK	247,736	245,171
Application Fees	9,367	7,350
Other Fees	28,000	28,080
	746,013	706,806

2 Investment income

	2025 £	2024 £
Interest receivable	3,539	3,267
Dividends from investment portfolio	32,276	35,317
	35,815	38,584

3 Expenditure on:

	Direct costs £	Support costs			2025 Total £	2024 Total £
		Running costs £	Finance £	Staff costs £		
Raising funds						
. Investment manager fees	7,791	—	—	—	7,791	7,871
Accreditation and inspection:						
. Accreditation and inspection delivery	181,209	160,677	875	448,475	791,236	757,822
. Bad debts	2,796	—	—	—	2,796	2,984
. Governance (note 4)	—	34,225	—	—	34,225	28,452
	191,796	194,902	875	448,475	836,048	797,129

	Direct costs £	Support costs			2024 Total £	2023 Total £
		Running costs £	Finance £	Staff costs £		
Raising funds						
. Investment manager fees	7,871	—	—	—	7,871	7,536
Accreditation and inspection:						
. Accreditation and inspection delivery	172,876	146,519	940	437,487	757,822	730,548
. Bad debts	2,984	—	—	—	2,984	—
. Governance (note 4)	—	28,452	—	—	28,452	25,487
	183,731	174,971	940	437,487	797,129	763,571

Notes to the financial activities Year to 31 August 2025

4 Governance costs

	2025	2024
	£	£
Legal and professional fees	13,913	8,996
Council Expenses	3,278	3,342
Accountancy fees	2,034	2,014
Auditor's remuneration	15,000	14,100
	34,225	28,452

5 Net expenditure

	2025	2024
	£	£
Net expenditure is stated after charging:		
Auditor's remuneration – statutory audit		
. Current year	15,000	14,100
. Prior Year	—	—
Amortisation	3,846	3,846
Depreciation	5,997	6,165

6 Transactions with Council members and key management personnel

The Council members consider that they, together with the Chief Executive, Chief Inspector and the Deputy Chief Executive, 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 £172,855 (2024 – £170,211).

The 11 Council members received no remuneration or other benefits for the year ended 31 August 2025 (2024 – £nil).

Expenses were reimbursed to 3 Council members for out-of-pocket expenses of £924 (2024 – £599 to four Council members).

Notes to the financial activities Year to 31 August 2025

7 Staff costs

	2025	2024
	£	£
Wages and salaries	364,210	361,521
Social security costs	42,817	33,101
Pension costs	33,564	32,654
Agency & Freelance staff	7,885	10,211
	448,475	437,487

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

	Average headcount	
	2025	2024
	No.	No.
Administration/ management	5	5
Inspection	2	2
Accreditation	2	2
	9	9

There were no employees (2024 - none) who earned £60,000 per annum or more (including taxable benefits but excluding employer pension contributions).

8 Intangible fixed assets

	Software Licenses	Total
	£	£
Cost		
At 1 September 2024	19,228	19,228
Additions	—	—
At 31 August 2025	19,228	19,228
Amortisation		
At 1 September 2024	8,011	8,011
Charge for the year	3,846	3,846
At 31 August 2025	11,857	11,857
Net book value		
At 31 August 2025	7,371	7,371
At 31 August 2024	11,217	11,217

Notes to the financial activities Year to 31 August 2025

9 Tangible fixed assets

	Computer equipment and office furniture £	Fixtures and fittings £	Total £
Cost			
At 1 September 2024	54,361	16,208	70,569
Additions	16,575	—	16,575
Disposals	(1,322)	—	(1,322)
At 31 August 2025	<u>69,614</u>	<u>16,208</u>	85,823
Depreciation			
At 1 September 2024	52,913	14,735	67,648
Charge for the year	4,524	1,473	5,997
Eliminated on Disposal	(1,322)	—	(1,322)
At 31 August 2025	<u>56,115</u>	<u>16,208</u>	72,324
Net book value			
At 31 August 2025	<u>13,499</u>	<u>—</u>	13,499
At 31 August 2024	<u>1,448</u>	<u>1,473</u>	2,921

10 Fixed assets investments

	2025 £	2024 £
Market value		
At 1 September 2024	1,169,075	1,094,331
Additions at cost	477,889	109,500
Disposal at opening market value (proceeds £547,386; gain £1,200)	(546,186)	(182,027)
Net unrealised gain	8,013	147,271
At 31 August 2025	1,108,791	1,169,075
Cash held within listed investments	43,129	38,409
	1,151,920	1,207,484
Cost		
At 31 August 2025	971,208	1,058,555
At 31 August 2024	1,058,555	1,106,858
		Total 2025 £
Unrealised gains included above on listed investments (see below)		137,583
Reconciliation of movements in unrealised gains on investments		
Unrealised gains at 1 September 2024		110,520
Unrealised losses brought forward and losses realised in the year		19,050
Net unrealised losses in the year		8,013
Unrealised gains at 31 August 2025		137,583

Notes to the financial activities Year to 31 August 2025

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 2025:

	Market Value £	%
Institutional Cash Series Plc Blackrock	90,122	8
Capital Group Global Corporate Bond	70,065	6

Listed investments at 31 August 2025 comprised the following:

	2025 £	2024 £
Alternative Strategies	90,122	77,121
Overseas Equities	688,407	510,992
UK Equities	163,818	159,380
UK Fixed Interest	166,444	421,582
	1,108,791	1,169,075
Capital & Cash Account	43,129	38,409
	1,151,920	1,207,484

11 *Debtors: amounts falling due after one year*

	2025 £	2024 £
Other Debtors	11,941	-
	11,941	-

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

12 *Debtors: amounts falling due within one year*

	2025 £	2024 £
Charitable activity debtors	32,336	10,065
Prepayments and accrued income	18,743	19,390
Other Debtors	—	11,941
	51,079	41,396

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

Notes to the financial activities Year to 31 August 2025

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

	2025 £	2024 £
Charitable activity creditors	23,884	12,496
Social security and other taxes	32,727	21,389
Accruals	23,793	23,728
Deferred income	316,746	283,128
Other creditors	2,246	1,052
	399,396	341,793

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:

	2025 £
Deferred income at 1 September 2024	283,128
Resources released in the year	(283,128)
Resources deferred in the year	316,746
Deferred income at 31 August 2025	316,746

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

	2025 £	2024 £
Provisions	10,293	—
	10,293	—

The trustees have acknowledged their responsibility to uphold and enhance the standards and quality of Higher and Further Education at a global level. In order to meet this obligation to its stakeholders, the charity strives to maintain membership with the European Association for Quality Assurance in Higher Education (ENQA) and to be listed on the European Quality Assurance Register for Higher Education (EQAR). ENQA conducts a review of its members every five years, which is associated with a cost of approximately £51,466. The most recent ENQA review was in 2024 when the provision held was fully utilised.

14 Designated funds

	Sep-24 £	New designations £	Utilised / Released £	Sep-25 £
The Development Fund	21,355	—	(9,900)	11,455
	21,355	—	(9,900)	11,455

To support our growth activities, BAC has drawn down funds from our investment income to create 'The Development Fund', which is being regularly monitored by the Audit and Risk Committee. The fund has been used or allocated for several projects, all linked to the Strategic Plan.

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

Notes to the financial activities Year to 31 August 2025

15 Fixed asset fund

	Total £
At 1 September 2024	14,138
Net movements in year	6,732
At 31 August 2025	20,870

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 for £4,575 annual membership fees with no outstanding amounts at year end (2024: total ENQA expenditure of £22,217, none outstanding at year end).

Dr Anthony Manning is on the Council of trustees for BAC and representative speaker for the UK Council for International Student Affairs (UKCISA). BAC were not members during 2025 as UKCISA were reviewing their corporate and educational sector organisation and memberships were on hold for this period. Membership fee due in the year was £nil (2024: £584). Dr Victoria Stec, a member of the council of trustees, was commissioned to conduct an internal review of the inspection process during the reporting period and received £9,000 for this work (2024: £nil). Dr Stec was selected for the project because of her relevant experience and expertise. No amounts were outstanding at year end (2024: none).

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 (2024: £28,000). There are no outstanding debts due at the end of the year (2024: none).

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 2025 the charity had total commitments under non-cancellable operating leases as follows:

	2025 Land and buildings £	2024 Land and buildings £
Operating lease payable		
Within one year	47,765	13,467
Between 2 to 5 years	155,236	—

British Accreditation Council for Independent Further and Higher Education

Annual Report and Financial Statements

31 August 2025

Company Registration Number
01828990 (England and Wales)

Charity Registration Number
326652



Reference and administrative details

Members of the Council	Prof Mary Bishop (Deputy Chair) Prof Phil Cardew (Chair) Mr Kevin Everett Mr Marc Griffith Dr Esther Huertas Hidalgo Dr Stephen Jackson (Honorary Treasurer) Mrs Mariam Kilanava (Appointed April 2025) Mr Alam Mahbubal (Student member) Dr Anthony Manning (Chair of Accreditation Committee) Ms Ros Parker OBE (Appointed April 2025) Prof Rhys Rowland-Jones (Appointed April 2025) Dr Victoria Stec
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 Audit 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	LGT Wealth Management UK LLP 14 Cornhill London EC3V 3NR
Key Management Personnel	Dr Janet Bohrer (Chief Executive) Diana Morriss (Chief Inspector) Lucy Fox (Deputy Chief Executive)

Contents

Reports

Report of the Council	1
Independent auditor's report	15

Financial statements

Statement of financial activities	20
Balance sheet	21
Statement of cash flows	22
Principal accounting policies	23
Notes to the financial statements	27

Report of the Council Year to 31 August 2025

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 2025.

The financial statements have been prepared in accordance with the accounting policies set out on page 23 to 26 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 are currently in post, 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.

Dr Nicola Mellor resigned in the current year, at the end of her term on 31 October 2024.

Prof Mary Bishop was appointed Deputy Chair of Council in February 2025.

Three new trustees were recruited in April 2025:

Mrs Mariam Kilanava

Prof Rhys Rowland-Jones

Ms Ros Parker OBE

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.

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.

Report of the Council Year to 31 August 2025

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

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 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, the Honorary Treasurer and the Chair of the Accreditation Committee. Duties of nominations and governance are discharged by the Standing Committee.

The Audit and Risk 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 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 has 6 online meetings and 4 offline meetings a year.

Mrs Claire Blanchard was appointed Deputy Chair of the Accreditation Committee in September 2025. This role was previously vacant.

Key management personnel

In the period of review, Council members consider that they, together with the Chief Executive, Deputy 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 Chief Executive, received a 5% increase in salary which was applicable from 1 September 2025. 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 2024/25, the charity received no complaints about fundraising activities which is no change from the previous year.

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 support 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 webinars 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.

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 2024 to 31 August 2025 and compares these with the figures

Report of the Council Year to 31 August 2025

from the previous year. There is a decrease in the overall number of accredited providers due to an increase in the number of forced withdrawals this year. Several providers were withdrawn for various reasons of non-compliance with BAC requirements such as failure to pay accreditation fees, failure to complete the re-accreditation process within the required timeline and/or lack of communication.

	September 2024 to August 2025	September 2023 to August 2024
New institutions awarded accreditation – UK	7	15
New institutions awarded accreditation –international	5	3
Total number of accredited institutions **	181	194
Number of international accredited institutions **	40	39
Withdrawals	25	19
Applications received from new institutions	18	16
Inspections conducted	55	86

** numbers as of 31 August

BAC’s objectives 2024-25: Progress made

With regard to BAC’s objectives for 2024/25, 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"> The BAC webinar series continued to be developed with good attendance from providers. BAC developed and published on the website an AI charter. The Accreditation Committee continued to publish meeting dates on the BAC website, which has allowed those being inspected to see when decisions will be made which has improved engagement with providers. As the next BAC strategic plan is due from 2026 work began during the year to develop that new plan. To ensure that stakeholder feedback was considered, BAC held deep dive meetings with Standing Committee members, the Accreditation Committee members and inspectors at their annual event to assess the current BAC values and consider further ways on embedding diversification in what BAC offers.
BAC will continue to promote and be active in the quality assurance Community	<ul style="list-style-type: none"> The European Association for Quality Assurance in Higher Education (ENQA) review process concluded positively this year. After a site visit in September 2024 renewed membership was endorsed by the ENQA Board in September 2025. BAC has been a member of ENQA since 2015 and this year starts the third cycle of ENQA membership. BAC used the outcome of this review for reconfirming European Quality Assurance Register for Higher Education (EQAR) registration, confirmed in June 2025. BAC’s membership of ENQA and EQAR registration contributes to strategic direction-setting and guides work across all of BAC’s activities. Both the ENQA and EQAR review reports are available on the BAC website. During 2025 BAC established an AI working group consisting of providers, inspectors and Council members.

Report of the Council Year to 31 August 2025

	<p>The group is chaired by the Chair of the BAC Council and has discussed AI as it can influence BAC's work.</p> <ul style="list-style-type: none"> • Our BAC Annual Stakeholder Event took place in May 2025. An external speaker attended to help BAC stakeholders better understand the changes happening in vocational education.
<p>BAC will continue to Grow and Diversify especially Global and European activities</p>	<ul style="list-style-type: none"> • The Micro-credentials (MC) Scheme pilot continues. We are reviewing the scheme and the process to decide the next steps for this scheme. • BAC staff attended ENQA workshops and events during the year.
<p>BAC will actively engage in the development of its Ethical responsibilities</p>	<ul style="list-style-type: none"> • BAC continues to focus on maintaining governance activity, which is appropriately streamlined, and on developing its operations via effective strategic planning and rigorous monitoring of BAC resources. During the year the Audit Committee added Risk to its title to more accurately reflect the work it undertook and we developed a risk dash board that could be updated to be discussed at every committee meeting. The Accreditation Committee Chair was invited to join the Standing Committee and a member of the Accreditation Committee was invited to act as deputy chair of the Accreditation Committee. All these changes together made our committees more resilient to being quorate when any specific individuals might be absent. • After an open call three new Trustees were interviewed and invited to join Council. • The terms of reference (ToRs) for each of the committees are reviewed on an annual basis for their continued fitness for purpose. Each of the ToR documents is publicly available and has been awarded a Crystal Mark by the Plain English Campaign. • The Health and Safety Policy and Health and Safety Handbook have been reviewed and updated.
<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"> • Work continued with transitioning data and processes into our CRM system. • A review of the BAC inspection process was completed June 2025 and along with the findings from this report and from the ENQA and EQAR review reports it will help determine the way forward for BAC as we develop our next strategic plan.

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 and Risk Committee for annual review to Council or reporting by exception. The Audit and Risk Committee meet regularly where risk mitigation activities and emerging risks are reviewed. The Audit and Risk 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. The items below are listed in order of significance to the charity based on the mechanism used to assess the risk. When the new strategic plan has been developed the risk register and the identified risks highlighted below will be reviewed against that strategic plan.

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 18s.</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>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 re-accreditation 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 2025

	<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>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 and Risk Committee.</p> <p>The 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>Fraud</p>	<p>Audit and Risk Committee have delegated responsibilities from Council for oversight of detailed financial activities, including budget preparation and cashflow monitoring, and they report back to the Council.</p> <p>Finances are also a recurring item on the agenda of every Standing Committee and Council meeting.</p> <p>Where possible there is a separation of duties so no one individual has sole responsibility for the financial transactions of the organisation.</p> <p>Staff have undertaken information security training which included cyber awareness.</p> <p>All staff are expected to report anything suspicious and to communicate any irregular events or incidents.</p>

Report of the Council Year to 31 August 2025

<p>Loss of ENQA Membership</p>	<p>A designated member of staff has key responsibilities relating to ENQA oversight.</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 recruited a consultant to help us prepare for our ENQA review and subsequently our application for renewal for EQAR during 2024/25.</p>
<p>Loss of EQAR Listing</p>	<p>A designated member of staff has key responsibilities relating to EQAR oversight.</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>We recruited a consultant to help us prepare for our ENQA review and subsequently our application for renewal for EQAR in 2025.</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>

Report of the Council Year to 31 August 2025

	Investment performance is monitored by the Audit and Risk Committee.
International Recession	<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>
Global economic crisis	<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>
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>
In-country conflict and instability	We assess risks and practical implications of implementing our processes when assessing eligibility during enquiry process.
Post-Brexit UK visa/border rules change	We will ensure we provide invitation letters to international visitors coming to the UK for BAC activities or events.

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. This year we have started planning for the next Strategic Plan and started to make some internal changes to accommodate that next strategic phase by recruiting two new members of staff to work in our accreditation team. They will join BAC in 2026.

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 and to attract a wider range of new providers	<ul style="list-style-type: none"> We will complete the review of the MC scheme and if successful will be added to our existing suite of schemes and marketed as necessary. We will strengthen the use of the Common Quality Framework, to add value to accredited providers as well as to attract new providers. We will update the website and develop a plan for long term improvements. 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 again in April/ May 2026. We will build on the outcome of the review by The European Association for Quality Assurance in Higher Education (ENQA) and introduce oversight of actions and recommendations for further development from ENQA and from the review of our inspection processes in the development of all BAC inspection schemes. 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 including contributing to international Memorandum of Understandings with other quality assurance agencies. 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.

Report of the Council Year to 31 August 2025

	<ul style="list-style-type: none">• 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 process them using Sharepoint and all information uploaded to an online portal.• We will consider how to 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.

Financial review

A summary of the year's results can be found on page 20 of the financial statements. The deficit for the year before gains on investments was £54,220 (2024 – £51,739).

The total income for the year is £781,828, an increase of £36,438 over the previous year (2024 - £745,390). This is a positive sign and suggests the charity has stable and growing income stream.

During the period under review, expenditure has increased approximately by £38,919 which was expected. This is a result of inflationary effects on running costs, increased costs related to inspections.

The net deficit for the year was (£45,007) after a gain on investments of £9,213 (2024 – Net income for the year was £88,404 after gain on investments of £140,143).

Income

Accreditation fees

The income generated from accreditation fees has seen an improvement of approximately 8%, with a total of £460,910 in 2025, as compared to £426,205 in 2024. This is a result of a 5% increase in accreditation fees set in place in the previous year and new providers who have successfully achieved the BAC accreditation.

Inspection Fees

Inspection fee income has increased in the year by 1% to £247,736 (2024 – 12%, £245,171).

Other Income

The performance of our fixed asset investment portfolio has slightly improved, resulting in a net gain of £9,213 during the period under review (2024 – net gain of £140,143).

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. These costs

Report of the Council Year to 31 August 2025

are linked to the projects that expand the charity's work and the number of inspections it conducts. The amount spent on these activities is affected by how many inspections happen in the year. Direct expenditure has decreased by circa 4% as predicted in the previous year, 2025 – £191,796 (2024 – £183,731).

Staff Costs and Running Costs

The total costs associated with staffing have increased in 2025 - £448,475 (2024 – £437,487).

Running costs and other support costs have increased in the year, 2025 - £194,902 (2024 – £174,971). 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 £1,151,920 in 2025 (2024 – £1,207,484). BAC's investments were held in a managed investment portfolio by LGT Wealth Management UK LLP.

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 £246,007 (2024 – £195,910). 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 2025 were £1,039,803 (2024 – £1,081,642) 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.


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.

Report of the Council Year to 31 August 2025

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 12/02/2026 and signed on its behalf by:

[]
Dr Stephen Jackson (Feb 12, 2026 14:00:56 GMT)

Dr Stephen Jackson

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 2025 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 2025 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.

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.

Independent Auditor's Report Year to 31 August 2025

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.

Independent Auditor's Report Year to 31 August 2025

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 2025

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 2025

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.

Buzzacott Audit LLP

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

Date: 12 February 2026

Statement of financial activities (including income and expenditure account) Year to 31 August 2025

	Notes	Total 2025 £	Total 2024 £
Income from:			
Charitable activities			
. Accreditation and inspection fees	1	746,013	706,806
Investments	2	35,815	38,584
Total income		781,828	745,390
Expenditure on:			
Raising funds		7,791	7,871
Charitable activities			
. Accreditation and inspection		828,257	789,258
Total expenditure	3	836,048	797,129
Net expenditure before gains on investments		(54,220)	(51,739)
Gains on investments	10	9,213	140,143
Net (expenditure)/income and net movement in funds		(45,007)	88,404
Reconciliation of funds			
Total funds brought forward		1,117,135	1,028,731
Total funds carried forward		1,072,128	1,117,135

All of the charity's activities derived from continuing operations during the above two financial periods, Furthermore, all income and expenditure relates to unrestricted funds in both current and prior period.

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

Balance sheet 31 August 2025

	Notes	2025 £	2025 £	2024 £	2024 £
Fixed assets					
Intangible fixed assets	8	7,371		11,217	
Tangible fixed assets	9	13,499		2,921	
Investments	10	<u>1,151,920</u>		<u>1,207,484</u>	
			1,172,790		1,221,622
Current assets					
Debtors due after more than one year	11	11,941		-	
Debtors due within one year	12	51,079		41,396	
Cash at bank and in hand		<u>246,007</u>		<u>195,910</u>	
		309,027		237,306	
Creditors: amounts falling due within one year	13(a)	<u>(399,396)</u>		<u>(341,793)</u>	
Net current liabilities			(90,369)		(104,487)
Creditors: amounts falling due after one year	13(b)		<u>(10,293)</u>		-
Total net assets			<u>1,072,128</u>		<u>1,117,135</u>
The funds of the charity					
Unrestricted funds					
. General funds			1,039,803		1,081,642
. Designated funds	14		11,455		21,355
. Fixed asset fund	15		<u>20,870</u>		<u>14,138</u>
Total funds			<u>1,072,128</u>		<u>1,117,135</u>

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


Dr Stephen Jackson (Feb 12, 2026 14:00:56 GMT)

Dr Stephen Jackson

Date: [12/02/2026]

Company Registration Number 01828990 (England and Wales)

Principal accounting policies Year to 31 August 2025

	Notes	2025 £	2024 £
Cash flows from operating activities:			
Net cash (used in) operating activities	A	(33,920)	(73,526)
Cash flows from investing activities:			
Purchase of tangible fixed assets		(16,575)	—
Investment income received		35,815	38,584
Proceeds from sale of investments		547,386	174,899
Purchase of investments		(477,889)	(109,500)
Net cash provided by investing activities		88,737	103,983
Change in cash and cash equivalents in the year		54,817	30,457
Cash and cash equivalents at 1 September 2024	B	234,319	203,862
Cash and cash equivalents at 31 August 2025	B	289,136	234,319

Notes to the statement of cash flows for the year to 31 August 2025

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

	2025 £	2024 £
Net movement in funds (as per the statement of financial activities)	(45,007)	88,404
Adjustments for:		
Amortisation charge	3,846	3,846
Depreciation charge	5,997	6,165
Net (gains) on investments	(9,213)	(140,143)
(Increase) in debtors	(21,624)	(3,860)
Increase in creditors	67,896	10,646
Investment income receivable	(35,815)	(38,584)
Net cash (used in) operating activities	(33,920)	(73,526)

B Analysis of cash and cash equivalents

	2025 £	2024 £
Cash at bank and in hand	246,007	195,910
Cash Held in Listed Investments	43,129	38,409
Total cash and cash equivalents	289,136	203,862

C Analysis of changes in net debt

	At 1 September 2024	Cash flows	At 31 August 2025
Cash at bank and in hand	195,910	50,097	246,007
Cash Held in Listed Investments	38,409	4,720	43,129
Total	234,319	54,817	289,136

Principal accounting policies Year to 31 August 2025

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 2025 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.
- ◆ estimating the provision for costs associated with the membership review by the European Association for Quality Assurance in Higher Education (ENQA).

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.

Assessment of going concern (continued)

The net current liabilities position is due to advanced payments received for 2025/26 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 2026, 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.

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.

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 previous years for the purpose of developing internal capabilities and new provider schemes 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 2025

1 Income from charitable activities – Accreditation and inspection fees

	2025 £	2024 £
Accreditation Fees UK	460,910	426,205
Inspection Fees UK	247,736	245,171
Application Fees	9,367	7,350
Other Fees	28,000	28,080
	746,013	706,806

2 Investment income

	2025 £	2024 £
Interest receivable	3,539	3,267
Dividends from investment portfolio	32,276	35,317
	35,815	38,584

3 Expenditure on:

	Direct costs £	Support costs			2025 Total £	2024 Total £
		Running costs £	Finance £	Staff costs £		
Raising funds						
. Investment manager fees	7,791	—	—	—	7,791	7,871
Accreditation and inspection:						
. Accreditation and inspection delivery	181,209	160,677	875	448,475	791,236	757,822
. Bad debts	2,796	—	—	—	2,796	2,984
. Governance (note 4)	—	34,225	—	—	34,225	28,452
	191,796	194,902	875	448,475	836,048	797,129

	Direct costs £	Support costs			2024 Total £	2023 Total £
		Running costs £	Finance £	Staff costs £		
Raising funds						
. Investment manager fees	7,871	—	—	—	7,871	7,536
Accreditation and inspection:						
. Accreditation and inspection delivery	172,876	146,519	940	437,487	757,822	730,548
. Bad debts	2,984	—	—	—	2,984	—
. Governance (note 4)	—	28,452	—	—	28,452	25,487
	183,731	174,971	940	437,487	797,129	763,571

Notes to the financial activities Year to 31 August 2025

4 Governance costs

	2025 £	2024 £
Legal and professional fees	13,913	8,996
Council Expenses	3,278	3,342
Accountancy fees	2,034	2,014
Auditor's remuneration	15,000	14,100
	34,225	28,452

5 Net expenditure

	2025 £	2024 £
Net expenditure is stated after charging:		
Auditor's remuneration – statutory audit		
· Current year	15,000	14,100
· Prior Year	—	—
Amortisation	3,846	3,846
Depreciation	5,997	6,165

6 Transactions with Council members and key management personnel

The Council members consider that they, together with the Chief Executive, Chief Inspector and the Deputy Chief Executive, 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 £172,855 (2024 – £170,211).

The 11 Council members received no remuneration or other benefits for the year ended 31 August 2025 (2024 – £nil).

Expenses were reimbursed to 3 Council members for out-of-pocket expenses of £924 (2024 – £599 to four Council members).

Notes to the financial activities Year to 31 August 2025

7 Staff costs

	2025	2024
	£	£
Wages and salaries	364,210	361,521
Social security costs	42,817	33,101
Pension costs	33,564	32,654
Agency & Freelance staff	7,885	10,211
	448,475	437,487

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

	Average headcount	
	2025	2024
	No.	No.
Administration/ management	5	5
Inspection	2	2
Accreditation	2	2
	9	9

The were no employees (2024 - none) who earned £60,000 per annum or more (including taxable benefits but excluding employer pension contributions).

8 Intangible fixed assets

	Software Licenses	Total
	£	£
Cost		
At 1 September 2024	19,228	19,228
Additions	—	—
At 31 August 2025	19,228	19,228
Amortisation		
At 1 September 2024	8,011	8,011
Charge for the year	3,846	3,846
At 31 August 2025	11,857	11,857
Net book value		
At 31 August 2025	7,371	7,371
At 31 August 2024	11,217	11,217

Notes to the financial activities Year to 31 August 2025

9 Tangible fixed assets

	Computer equipment and office furniture £	Fixtures and fittings £	Total £
Cost			
At 1 September 2024	54,361	16,208	70,569
Additions	16,575	—	16,575
Disposals	(1,322)	—	(1,322)
At 31 August 2025	<u>69,614</u>	<u>16,208</u>	85,823
Depreciation			
At 1 September 2024	52,913	14,735	67,648
Charge for the year	4,524	1,473	5,997
Eliminated on Disposal	(1,322)	—	(1,322)
At 31 August 2025	<u>56,115</u>	<u>16,208</u>	72,324
Net book value			
At 31 August 2025	<u>13,499</u>	<u>—</u>	13,499
At 31 August 2024	<u>1,448</u>	<u>1,473</u>	2,921

10 Fixed assets investments

	2025 £	2024 £
Market value		
At 1 September 2024	1,169,075	1,094,331
Additions at cost	477,889	109,500
Disposal at opening market value (proceeds £547,386; gain £1,200)	(546,186)	(182,027)
Net unrealised gain	8,013	147,271
At 31 August 2025	1,108,791	1,169,075
Cash held within listed investments	43,129	38,409
	1,151,920	1,207,484
Cost		
At 31 August 2025	971,208	1,058,555
At 31 August 2024	1,058,555	1,106,858
		Total 2025 £
Unrealised gains included above on listed investments (see below)		137,583
Reconciliation of movements in unrealised gains on investments		
Unrealised gains at 1 September 2024		110,520
Unrealised losses brought forward and losses realised in the year		19,050
Net unrealised losses in the year		8,013
Unrealised gains at 31 August 2025		137,583

Notes to the financial activities Year to 31 August 2025

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 2025:

	Market Value £	%
Institutional Cash Series Plc Blackrock	90,122	8
Capital Group Global Corporate Bond	70,065	6

Listed investments at 31 August 2025 comprised the following:

	2025 £	2024 £
Alternative Strategies	90,122	77,121
Overseas Equities	688,407	510,992
UK Equities	163,818	159,380
UK Fixed Interest	166,444	421,582
	1,108,791	1,169,075
Capital & Cash Account	43,129	38,409
	1,151,920	1,207,484

11 *Debtors: amounts falling due after one year*

	2025 £	2024 £
Other Debtors	11,941	-
	11,941	-

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

12 *Debtors: amounts falling due within one year*

	2025 £	2024 £
Charitable activity debtors	32,336	10,065
Prepayments and accrued income	18,743	19,390
Other Debtors	—	11,941
	51,079	41,396

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

Notes to the financial activities Year to 31 August 2025

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

	2025 £	2024 £
Charitable activity creditors	23,884	12,496
Social security and other taxes	32,727	21,389
Accruals	23,793	23,728
Deferred income	316,746	283,128
Other creditors	2,246	1,052
	399,396	341,793

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:

	2025 £
Deferred income at 1 September 2024	283,128
Resources released in the year	(283,128)
Resources deferred in the year	316,746
Deferred income at 31 August 2025	316,746

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

	2025 £	2024 £
Provisions	10,293	—
	10,293	—

The trustees have acknowledged their responsibility to uphold and enhance the standards and quality of Higher and Further Education at a global level. In order to meet this obligation to its stakeholders, the charity strives to maintain membership with the European Association for Quality Assurance in Higher Education (ENQA) and to be listed on the European Quality Assurance Register for Higher Education (EQAR). ENQA conducts a review of its members every five years, which is associated with a cost of approximately £51,466. The most recent ENQA review was in 2024 when the provision held was fully utilised.

14 Designated funds

	Sep-24 £	New designations £	Utilised / Released £	Sep-25 £
The Development Fund	21,355	—	(9,900)	11,455
	21,355	—	(9,900)	11,455

To support our growth activities, BAC has drawn down funds from our investment income to create 'The Development Fund', which is being regularly monitored by the Audit and Risk Committee. The fund has been used or allocated for several projects, all linked to the Strategic Plan.

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

Notes to the financial activities Year to 31 August 2025

15 Fixed asset fund

	Total £
At 1 September 2024	14,138
Net movements in year	6,732
At 31 August 2025	20,870

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 for £4,575 annual membership fees with no outstanding amounts at year end (2024: total ENQA expenditure of £22,217, none outstanding at year end).

Dr Anthony Manning is on the Council of trustees for BAC and representative speaker for the UK Council for International Student Affairs (UKCISA). BAC were not members during 2025 as UKCISA were reviewing their corporate and educational sector organisation and memberships were on hold for this period. Membership fee due in the year was £nil (2024: £584). Dr Victoria Stec, a member of the council of trustees, was commissioned to conduct an internal review of the inspection process during the reporting period and received £9,000 for this work (2024: £nil). Dr Stec was selected for the project because of her relevant experience and expertise. No amounts were outstanding at year end (2024: none).

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 (2024: £28,000). There are no outstanding debts due at the end of the year (2024: none).

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 2025 the charity had total commitments under non-cancellable operating leases as follows:

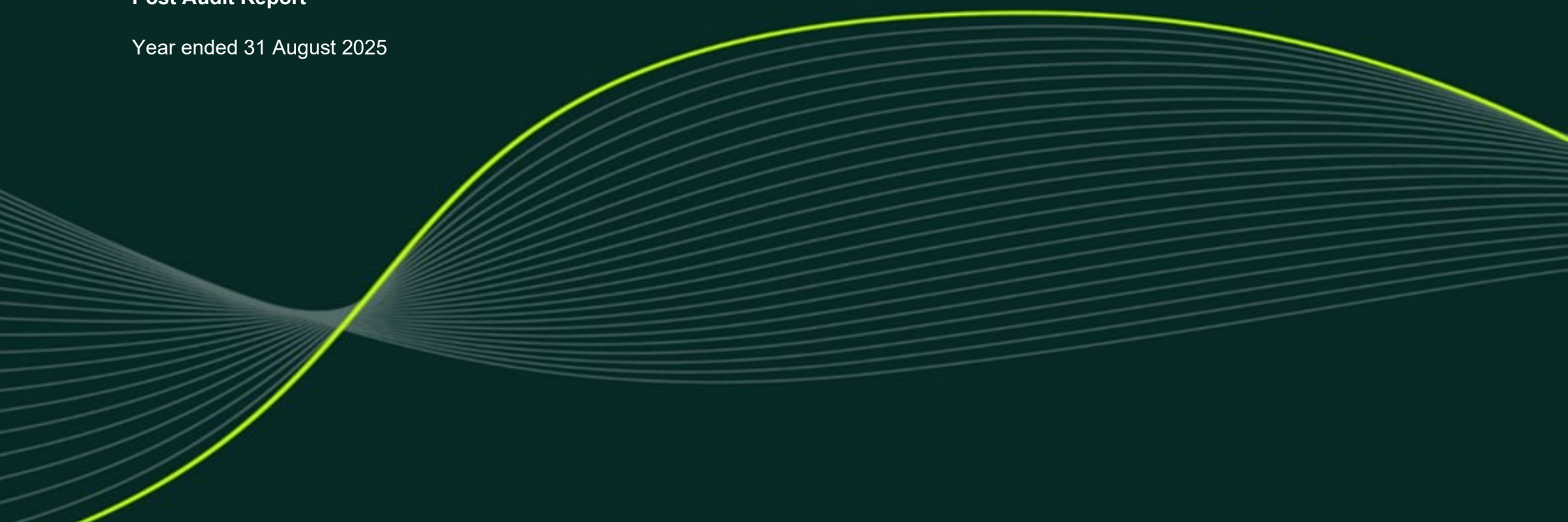
	2025 Land and buildings £	2024 Land and buildings £
Operating lease payable		
Within one year	47,765	13,467
Between 2 to 5 years	155,236	—

Buzzacott

British Accreditation Council

Post Audit Report

Year ended 31 August 2025



The Trustees
British Accreditation Council
Wax Chandlers Hall
6 Gresham Street
London
EC2V 7AD

12 February 2026

Post-audit management report for British Accreditation Council for the year ended 31 August 2025

This post-audit management report presents the observations and matters which came to our attention during our audit, which are considered to be significant, as required by International Standard on Auditing (UK) 260.

The audit of the financial statements does not relieve management or those charged with governance of their responsibilities for the preparation of the financial statements.

We would like to take this opportunity to thank the finance team for their assistance provided during the course of our audit.

Buzzacott Audit LLP

Alison Pyle

for Buzzacott Audit LLP

Contents

Executive summary	2
Key audit findings	4
Other information	7
Appendix 1: Adjusted and unadjusted misstatements	9
Appendix 2: Audit observations and recommendations	10

Key contacts

Alison Pyle

Engagement Partner

Tel: 020 7556 1285

Email: PyleA@buzzacott.co.uk

Harry Ward

Engagement Manager

Tel: 020 7556 3697

Email: WardH@buzzacott.co.uk

Buzzacott Audit LLP, 130 Wood Street,
London, EC2V 6DL

Executive summary

Purpose of the external audit

The purpose of this report is to bring to the attention of the Trustees as those charged with governance and management the findings from our recent audit of the financial statements of British Accreditation Council, for the year ended 31 August 2025, for your consideration and to enable you to address matters arising where appropriate. Throughout this report, “you” and “your” refer to the British Accreditation Council. “We” and “our” refer to Buzzacott Audit LLP.

We appreciate that you will already be aware of some of the matters contained in this report. However, in accordance with International Standards on Auditing (UK) (ISAs) we are communicating them to you formally.

As auditor, we are responsible for performing the audit in accordance with ISAs (UK), which is directed towards forming and expressing an opinion on the financial statements for the year ended 31 August 2025 that have been prepared by management with the oversight of those charged with governance, and other matters required by legislation.

Our work has been carried out in accordance with our audit planning letter dated 16 October 2025. We summarise our main findings below and provide more detail in the following pages.

In summary, we report that:

- there are currently no significant unresolved matters;
- monetary adjustments and presentational updates identified in the audit have been set out in appendix 1, and none remain unadjusted;
- the key risk areas highlighted during our planning process have been adequately addressed during our audit work;
- our work highlighted no significant deficiencies in the systems operated by the charity; and
- we issued an unqualified and unmodified audit opinion on the accounts.

The matters raised in this report have been discussed with Janet Bohrer, Lucy Fox, Dinesh Thakur, and Adam Maiy.

Audit progress

Although there were some delays in this year's process relating to the preparation of the statutory accounts and schedules, we are pleased to report that our work is substantially complete.

We would like to take this opportunity to thank all those with whom we dealt during the audit for their assistance and co-operation, in particular Lucy Fox, Dinesh Thakur, and Adam Maiy.

Auditor's report

We do not propose any modifications to our audit opinion and, therefore, we issue an unqualified opinion in our auditor's report. The wording of our auditor's report is unchanged from last year.

Accounting and internal controls systems

Our work during the audit included an examination of some of the charity's transactions, procedures and controls with a view to expressing an opinion on the financial statements for the year ended 31 August 2025.

This work was not directed primarily towards discovering weaknesses, other than those that would affect our audit opinion, or towards the detection of fraud. We have included in this report only matters that have come to our attention as a result of our normal audit procedures and consequently our comments should not be regarded as a comprehensive

record of all weaknesses that may exist or of all improvements that might be made.

We found no significant deficiencies in the accounting and internal control systems during our audit.

However, we have made some recommendations for improvements, which are set out in the key audit findings section of this report and in detail in Appendix 2.

Prior year's post audit report

We are pleased to report that the matters raised in our report last year have been satisfactorily dealt with.

Accounting policies, accounting estimates and disclosures

The accounting policies used in preparing the financial statements are unchanged from the previous year.

Our work included a review of the adequacy of disclosures in the financial statements and consideration of the appropriateness of the accounting policies and estimation techniques adopted by the charity.

We found the disclosed accounting policies, significant accounting estimates and the overall disclosure and presentation to be appropriate for the charity.

Key audit findings

Annual Report and Financial Statements format

The financial statements have been prepared, as last year, in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice (Charities SORP FRS 102).

There are no significant changes to the format of the financial statements this year.

Adjustments made during the audit

Other than presentational and reclassification adjustments, which have no impact on the reported results for the year, there were no adjustments made to the figures presented to us for audit. The presentational amendments made are set out in Appendix 1 to this report.

Unadjusted misstatements

We are pleased to report that we found no misstatements during our audit for the period that remain unadjusted.

Materiality

Materiality threshold £15,625

Reporting threshold: £780

Materiality refers to the relative significance of a particular matter in the context of the financial statements as a whole. An item would be considered material if its omission or its erroneous inclusion would reasonably influence the decisions of those using the financial statements.

We are required to report corrected audit misstatements, and uncorrected audit misstatements in excess of our reporting threshold which is set at 5% of overall materiality.

Our materiality threshold is based on 2% of operational income. A lower level of materiality may be selected for specific areas of the financial statements and for some disclosure items e.g. transactions and other financial arrangements with trustees and their connected persons.

When considering the impact of misstatements discovered during the course of our audit and considering the implications for our report of such misstatements, we will refer to this level amongst other things. Whether a misstatement is 'material' or not is ultimately down to the auditor's judgement.

Observations and recommendations on the accounting system and financial reporting function

The table below provides a summary of any observations made concerning weaknesses in the charity's accounting and internal control systems.

Observations included in the "A" grade (red) banding indicate that, in our opinion, there is a risk of significant financial impact on the charity that must be addressed immediately.

"B" grade (orange) banding recommendations relate to those issues where there is a risk of moderate financial impact on the [charity/company], such as a control failure or the absence of a control in an area of moderate risk. These items should be addressed shortly.

Observations included in the "C" grade (yellow) banding indicates that the matter, although important, does not warrant urgent attention and should be addressed within an agreed timeframe.

Priority	No of points	Relating to
B	1	<ul style="list-style-type: none">Preparation and review of statutory accounts workbook

Further details in respect of the observations and recommendations as a result of our audit work are given in Appendix 2.

The matters have all been discussed with management having the appropriate authority to receive these findings.

Prior year observations

We are pleased to report that the following observations made last year have been satisfactorily dealt with:

Priority	Relating to
B	<ul style="list-style-type: none">Declaration of interestsFee invoicing

Key audit risks and outcomes

As part of our audit planning process, we identified those areas where we believe there is a higher probability that a material error may appear in the financial statements. In the pages which follow we have provided a brief summary of the outcome of our audit work in relation to those higher risk areas.

Risk area	Audit procedures	Results and conclusion
Management override	We performed sample-based testing to identify possible material misstatements as a result of fraud or error specifically for procedures over journal entries.	We reviewed journal entries, particularly those surrounding the year end, and explanations were sought for any large or unusual items. All items tested and discussed with management were deemed to be appropriate.
Income recognition	We performed audit procedures on all material income streams, testing for completeness and cut-off (to ensure income was recognised in the correct financial year). For accreditation and inspection fees we agreed source documentation to the nominal ledger. For investment income we agreed third party documentation to the nominal ledger.	Our substantive testing and analytical review procedures gave assurance that income has been recognised appropriately and is materially complete. We tested income to ensure that it had been included in the correct period and performed a review of journals to ascertain if any significant adjustments had been made to manipulate income at the year-end.
Related parties	<p>We obtained the declaration of interest forms for all trustees and council members and other members of key management personnel. We used data analytics to interrogate the financial data and identify possible transactions with related parties, whether individual or business interests.</p> <p>We will also obtain written representations from you also, asking the Council Members to confirm their satisfaction with the completeness of the disclosures made.</p>	<p>The charity's procedures for identifying related parties and associated transactions were reviewed. This includes the requirement for each of the Council Members to update their declaration of interests annually, and to declare any interests they have at the commencement of business meetings.</p> <p>At the planning phase, we were made aware of transactions with trustee Victoria Stec that had taken place relating to freelance consultancy. The initial draft disclosure we reviewed omitted these transactions, but at our request the note has been updated to reflect this arrangement appropriately. Based on the work undertaken, we identified no further concerns over the completeness of the disclosures.</p>

Other information

Letter of representation

We enclose the draft letter of representation which trustees have approved and signed at the same time as the financial statements. This includes acknowledgement of the trustees' responsibility for the design and implementation of internal controls to prevent and detect fraud.

As set out in our planning letter, we understand the following applied to the year ended 31 August 2025.

- Trustees of British Accreditation Council exercised effective oversight of management's processes for identifying and responding to the risks of fraud in the charity and a system of internal controls was in place to mitigate these fraud risks.
- The key areas at most risk of fraud at the charity are through external cyber-security attacks.
- Trustees were not aware of any instances of actual, suspected, or alleged fraud, including misconduct or unethical behaviour related to financial reporting or misappropriation of assets.
- There have not been any out of the ordinary transactions.

If the above information is no longer correct, please contact Alison Pyle or Harry Ward.

Professional ethics

In accordance with our profession's ethical guidance and further to our letter to you dated 16 October 2025 confirming audit planning arrangements there are no further matters to bring to your attention in relation to Integrity, Objectivity and Independence.

Current developments

A separate charity sector updates handout has also been provided for the information of trustees. The matters included may not all be directly relevant to the charity. However, we are aware that a lot of trustees are involved with more than one organisation, therefore we have included items for general information.

Updates, insights and seminars

As part of our commitment to the charity sector, during the year the Charity Team issues occasional Updates and Insights on matters of relevance to the sector and also holds a number of seminars free of charge throughout the year. We would be delighted to welcome representatives of your charity to our seminars or to add trustees and management to our email

distribution lists if this would be welcome. News and Insights are also available on our website at [News and insights \(buzzacott.co.uk\)](https://www.buzzacott.co.uk/news-and-insights), where there is also an opportunity to sign up to our mailing list should you wish.

This report has been prepared for your private use only. It has been prepared on the understanding that it will not be shared with any third party without our prior written consent and we can therefore assume no responsibility to any other party. Any recommendations contained herein are based on the information you have provided and UK law and judicial and administrative interpretation as of the date of this letter. Should the facts provided to us be incorrect or incomplete, or should they change, our recommendations may be inappropriate. Buzzacott Audit LLP accepts no liability for losses arising from changes in UK law, interpretation or practice or in public policy that are first published after the date of this report.

If you require any further information or assistance, we shall be very pleased to help you.

We would be pleased to receive your comments and reaction to this letter.

Appendix 1: Adjusted and unadjusted misstatements

Audit adjustments

	Description	Statement of financial activities		Balance sheet	
		Debit (£)	Credit (£)	Debit (£)	Credit (£)
1	DR Investment income CR Net gains/losses <i>Being reclassification of investment unrealised gains</i>	5,108	5,108		

As the above adjustment is a reclassification only, it had no impact on the reported net result.

Other presentational amendments made during the audit:

- Update to related party transactions note to include transactions with Victoria Stec,
- Corrections to the movement schedule presented in the investments note,
- Corrections to the cashflow statement in respect of movements to debtors and investments additions and disposals.

During the audit, further adjustments were made by management to the figures initially presented to us in order to correct the mapping of balance sheet accounts and to record the movement in the fair value of the investment.

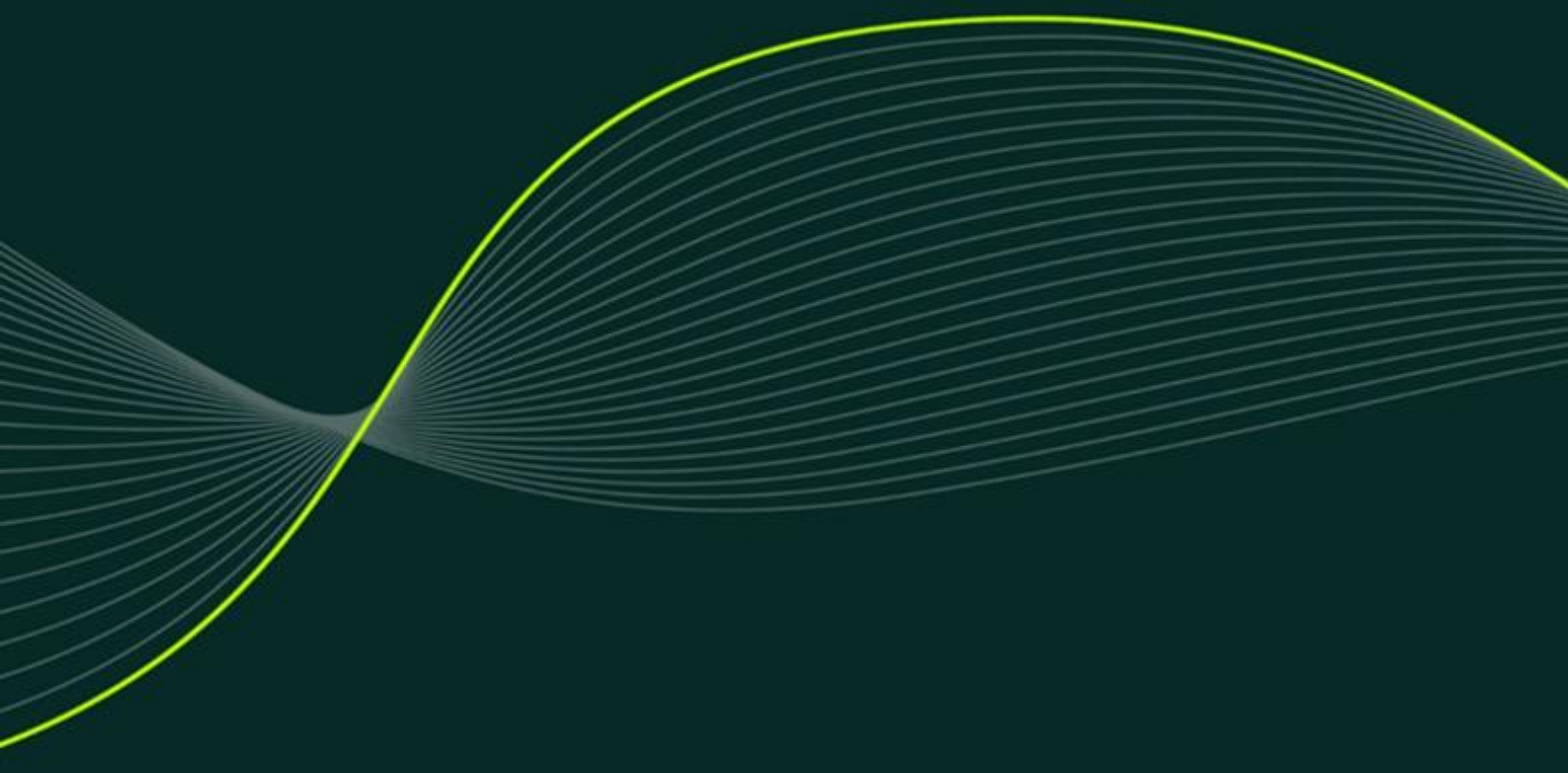
Appendix 2: Audit observations and recommendations

	Observation and implication	Recommendation	Management comment
B	<p>Preparation and internal review of the accounts workbook</p> <p>The initial figures presented to us for audit contained errors in balance sheet mapping, did not record the movement in the investments' fair value and included certain note disclosures that were incomplete.</p> <p>If the accounts workbook is not fully prepared and internally reviewed prior to the audit there is an increased risk of material misstatement in financial reporting.</p>	<p>We recommend that the accounts workbook is prepared in full and reviewed by another member of the finance team before being presented to us for audit.</p>	<p>Thank you for highlighting this. We agree with your recommendation and will ensure the accounts workbook is fully prepared and subject to an internal review before submission for audit.</p>

Buzzacott

Charity sector news and updates

February 2026



UK Corporate Governance Code 2024

The UK Corporate Governance Code was revised in January 2024 with the key focus being to enhance transparency and accountability of UK premium listed companies and help support the growth and competitiveness of the UK and its attractiveness as a place to invest. The Code does not set out a rigid set of rules; instead, it offers flexibility through 'comply or explain' reporting against the Provisions. The main change in the 2024 Code is a new requirement under Provision 29 for a declaration of effectiveness by the board in relation to material controls which came into force on 1 January 2026. The other, less substantial, changes to the Code took effect from 1 January 2025.

The full Code can be read at:

https://media.frc.org.uk/documents/UK_Corporate_Governance_Code_2024_kRCm5ss.pdf

A summary of key changes since the 2018 Code, as published by the FRC, can be found at:

https://media.frc.org.uk/documents/UK_Corporate_Governance_Code_2024_Key_Changes.pdf

Charity Governance Code

An updated Charity Governance Code was published in November 2025. Whilst compliance is not a regulatory requirement, the Code sets out eight key principles on how charities should conduct themselves:

1. Foundation principle – meeting legal and regulatory requirements
2. Organisational purposes – board is clear about charity's aims and how these benefit the public
3. Leadership – board provides strategic leadership in line with charity's purposes and values
4. Ethics and culture – board has standards and values which shape the charity's behaviours
5. Decision making – effective decisions are made that best serve the charity's purpose
6. Managing resources and risk – board takes responsibility for stewarding, developing and allocating resources and manages risk property
7. Equity, diversity and inclusion – board has a clear, agreed and effective approach to supporting equity, diversity and inclusion in the organisation
8. Board effectiveness – board works well together, using a balance of skills, experience, backgrounds and knowledge

For further reading please see: <https://www.charitygovernancecode.org/>

The Economic Crime and Corporate Transparency Act 2023 (ECCTA)

Effective from September 2025, under the new ECCTA legislation, an organisation will be criminally liable where:

- a specified fraud offence is committed by an employee, agent or other 'associated person', for the organisation's benefit; and
- the organisation did not have 'reasonable' fraud prevention procedures in place.

The offence applies to all large (as defined by the Companies Act) incorporated bodies, including charities and public bodies (though not governments).

Relevant offences could include cheating the public revenue, false accounting/fraud by false representation or money laundering offences under the Proceeds of Crime Act 2002.

Although the legislation applies to large charities, it is important to note that section 196 applies to all charities regardless of size. This section holds charities criminally liable if a senior manager commits an offence under the law while acting within the scope of their authority or should they assist with committing an offence.

To support charities, the Charity Commission has published guidance on internal financial controls which can be read at: <https://www.gov.uk/government/publications/internal-financial-controls-for-charities-cc8>

The full Home Office guidance on the offence can be read at: <https://www.gov.uk/government/publications/offence-of-failure-to-prevent-fraud-introduced-by-eccta>

Companies House reforms

A number of other changes are in the pipeline following the enactment of the ECCTA:

Verification of directors and people with significant control

On 8 April 2025, Companies House launched a system that enabled the identity of an individual to be verified voluntarily. Once verified, Companies House issue the individual with a personal code that can be used to link them to a legal entity.

From 18 November 2025:

- directors need to verify their identity to incorporate a company or be appointed director to an existing company;
- existing directors need to confirm they have verified their identity when they file their next annual confirmation statement; and
- existing people with significant control who are not directors need to verify their identity by the 15th of their birth month (e.g. a PSC with a birth month of April will need to verify their identity by 15 April).

Suppression of personal information

From 27 January 2025, individuals can apply to suppress their registered office address where it is their home address. From 21 July 2025, individuals can apply to suppress the following information from historical documents:

- residential addresses in most instances when shown elsewhere on the register;
- day of birth for documents registered before 10 October 2015 (only the month and year of birth have been publicly displayed since 10 October 2015);
- signatures; and
- business occupation.

Enhanced powers to annotate company and LLP registers

The Companies and Limited Liability Partnerships (Annotation) Regulations 2025, effective from 9 June 2025, granted Companies House enhanced powers to annotate company and LLP registers. Under this legislation, the Registrar may annotate the company register to reflect that:

- a director is subject to disqualification sanctions;

- a person has not complied with a notice from the Registrar under section 1092A of the Companies Act 2006 requiring them to provide particular information to the Registrar; and
- the Registrar is intending to take, or has taken, steps under section 1002A of the same act (power to strike off company registered on false basis) to strike a company's name off the register.

The Registrar also has a duty to annotate the register where details of a person with significant control have been suppressed from public view to safeguard that individual from a serious risk of harm.

Accounts changes

Implementation of the following changes relating to financial statements is expected from 1 April 2027:

- *Reduction in filing options for small companies*
The reforms will change the filing arrangements for micro and small companies. Such companies will be required to file what they prepare, with the removal of the option to 'fillet' out the directors' report (for small companies) and the profit and loss account (for micro and small companies) when filing. The option of abridging the accounts for small companies will also be removed.
- *Audit exemption disclosure*
A company taking an audit exemption will be required to state this on their balance sheet, specifying which audit exemption is being claimed, and confirming that the company qualifies for the exemption.
- *Restriction on shortening accounting periods*
A company will have to provide a business reason if they want to shorten the period more than once within five years.

Other changes

In the future, Companies House intend to restrict corporate directorships so that only UK corporate entities with legal personality will be capable of acting as a corporate director. Further, the directors of any company used as a corporate director must be natural persons.

Software filing of accounts

Companies House has announced that the planned removal of the option to file paper accounts from 1 April 2027 will not go ahead at this time and the plans for online only accounts filing will be reviewed. This is positive news for the charity sector as the current position is that charities which are also limited companies cannot file accounts with Companies House online. Software filing solutions that work well for charity accounts are still under development.

More information on this development can be found at: <https://www.buzzacott.co.uk/insights/proposals-for-mandatory-online-filing-of-accounts-put-on-hold>

Procurement Act 2023

The Procurement Act 2023 went live on 28 October 2024 leading to changes to how public procurement is regulated. The Act aims to:

- create a simpler and more flexible, commercial system that better meets the country's needs while remaining compliant with international obligations;

- open up public procurement to new entrants such as small businesses and social enterprises so that they can compete for and win more public contracts; and
- embed transparency throughout the commercial lifecycle so that the spending of taxpayers' money can be properly scrutinised.

The government have produced a series of e-learning modules to support practitioners in implementing the new regime (applicable to all operational procurement staff): <https://www.gov.uk/guidance/the-official-procurement-act-2023-e-learning>

A series of short guides for senior leaders and suppliers have also been produced at: <https://www.gov.uk/government/publications/procurement-act-2023-short-guides>

Short video guides have also been produced: <https://www.gov.uk/government/publications/procurement-act-2023-short-guides/animations-and-videos>

Charity Commission updates to guidance on decision making of trustees

When making decisions, trustees must follow the below seven principles in line with CC27, the Charity Commission's bespoke guidance on this topic:

1. act within their powers;
2. act in good faith;
3. be sufficiently informed;
4. take into account all relevant factors;
5. identify and disregard any irrelevant factors;
6. manage conflicts of interest; and
7. ensure their decision is within the range of decisions that a reasonable trustee body could make

September 2024 saw the first update to CC27, the Charity Commission guidance on decision making, in 11 years. Whilst the principles remain the same, the guidance is more concise taking 12 minutes to read, rather than 24 minutes in the previous iteration.

All trustees are therefore encouraged to read the following:

<https://www.gov.uk/government/publications/its-your-decision-charity-trustees-and-decision-making>

Diversity and expertise on charity boards

A new report by the Charity Commission and Pro Bono Economics, *Trusteeships – A Positive Opportunity*, highlights that while most trustees feel confident in their roles, challenges remain around board diversity and legal expertise. Women now make up 43% of trustees, but representation from ethnic minority background remains low at 8%. Trustees are encouraged to consider how their boards reflect the communities they serve and to address any skills gaps, particularly in legal knowledge.

For more information, please see the following link: <https://www.probonoeconomics.com/trusteeship-a-positive-opportunity>

Charity Commission guidance on paying trustees

The Charity Commission has issued updated guidance on paying trustees, designed to help charities assess whether they have the necessary powers or need regulator approval. The emphasis remains on trusteeship being a voluntary role, with charities required to manage any conflicts of interest carefully.

Trustee payments must be reasonable, and charities should be mindful of the risk that payment could make trustees over influential. Reimbursing genuine expenses, such as travel and accommodation, is not considered trustee payment. For full details, please see: <https://www.gov.uk/guidance/trustee-expenses-what-charities-can-pay>

Trustees and whistleblowing

A tribunal appeal has raised the question of whether a charity trustee “is or should be treated as a worker” when seeking to be protected as a whistleblower. The Employment Appeal Tribunal published its judgment in the case involving the British Psychological Society (BPS). The individual in question was a trustee and president-elect at BPS when they uncovered and reported “serious concerns of corporate governance failings” there to the Charity Commission.

After making disclosures, they were subjected to a disciplinary process and expelled from the organisation in May 2021 following allegations of “persistent bullying”, which were denied.

Last year, an Employment Tribunal ruled that the individual was not a worker at the organisation and had no jurisdiction to hear the claims around detriment for making protected disclosures.

The individual appealed the decision, arguing that he should be treated as a worker and protected from reprisals for blowing the whistle under articles 10 and 14 of the European Convention on Human Rights (ECHR).

This ruling opens the door to potential protection for trustees, and the full judgement can be read at: https://assets.publishing.service.gov.uk/media/671636d5583ef2380ad997dd/Dr_Nigel_MacLennan_v_The_British_Psychological_Society_2024_EAT_166.pdf

Rise in whistleblowing disclosures

The Charity Commission received 564 whistleblowing reports in 2024/25, with 54% made by current or former employees. The main concerns raised were governance failures, safeguarding, and financial mismanagement. Most reporting led to regulatory cases, with outcomes ranging from guidance and action plans, to information gathering and referrals. For trustees, this highlights the importance of robust governance, financial oversight, safeguarding practices where applicable and clear internal whistleblowing channels to address concerns early and maintain public trust.

Detailed analysis on this area can be found at:

<https://www.gov.uk/government/publications/whistleblowing-disclosures-made-to-the-charity-commission-for-england-and-wales-2024-to-2025>

Fundraising Code

From 1 November 2025, a revised Code of Fundraising Practice came into effect. This introduced a principles-based framework centred on fundraising being legal, open, honest, and respectful. Trustees should ensure their charity’s fundraising activities and policies are reviewed against the updated Code, provide appropriate training and support to staff and volunteers, and update governance documents to

reflect the changes. Trustees also have a responsibility to promote ethical fundraising and maintain public trust. Further resources and guidance are available on the Fundraising Regulator's website to support implementation.

Resources on the Code can be found at: <https://www.fundraisingregulator.org.uk/code>

The Fundraising Regulator has recently identified that the reporting of fundraising activities within charities' financial statements has not always been in full accordance with the Code of Fundraising Practice. In some instances, this has led to formal investigations into charities' fundraising practices such as charities not carrying out appropriate due diligence on donations received and whether charities have the appropriate licences for street fundraising. Reports on these matters can be read at the following links:

<https://www.fundraisingregulator.org.uk/about-fundraising/resources/friends-nations-libraries-november-2025>

<https://www.fundraisingregulator.org.uk/about-fundraising/resources/we-r-blighty-community-interest-company-november-2025>

Digital Fundraising Badge

The Fundraising Regulator has launched a new Fundraising Badge to help charities demonstrate their registered status, enhancing transparency and building trust with supporters. To use the badge, charities must log in to their Fundraising Regulator account and confirm the website domain where the badge will be displayed. Then a unique link will be sent to the charity for use on the website. Further information can be found at: <https://www.fundraisingregulator.org.uk/registration/fundraising-badge-guidelines>

Charity Digital Code of Practice

The updated Charity Digital Code of Practice reflects major digital shifts since 2018, including AI, cybersecurity, ethical tech use, and digital inclusion. It offers practical tools for benchmarking and self-assessment, tailored by charity size.

Trustees should ensure their charity aligns with the Code by embedding digital leadership, reviewing strategy, and supporting staff development. Larger charities (income more than £1 million) should take a strategic approach, while smaller charities (income less than £1 million) should focus on practical, resource-aware improvements. All charities must prioritise responsible data use and inclusion to stay resilient and mission-focused in a fast-changing digital landscape. All trustees should be aware that finance and skills gaps, particularly around AI, remain key barriers across the sector.

For more information please see: <https://charitydigital.org.uk/topics/the-charity-digital-code-of-practice-2025-12116>

Data (Use and Access) Act 2025 (DUAA 2025)

The DUAA, effective June 2025, introduces measures to make data sharing safer and simpler. It supports secure identity checks, easier ways to share data (e.g., Open Banking), and a new National Underground Asset Register. It updates UK data protection and privacy rules without replacing existing laws like UK GDPR or the Data Protection Act 2018.

The Act aims to simplify compliance, encourage innovation and enable secure data sharing while maintaining high data protection standards.

While the new law could make charity marketing and fundraising more effective, it also brings compliance challenges. Charities must prepare to meet legal requirements and maintain public trust.

Key impacts:

- Charities can use a 'soft opt in' rule for emails and texts.

This means charities can contact supporters without explicit consent if:

- The individual has shown interest or supported the charity before;
- The message is strictly to further the charitable work;
- Supporters have an easy way to opt out.

This could help charities further their work however privacy notices and opt-out systems must be clear.

- Charities must handle data-related complaints in a more structured way by:
 - Making it easier for people to submit complaints;
 - Acknowledging complaints within 30 days;
 - Reporting complaint volumes to the ICO.

Trustees should ensure staff are trained and procedures updated to include data-related issues.

For further reading please see: <https://ico.org.uk/about-the-ico/what-we-do/legislation-we-cover/data-use-and-access-act-2025/the-data-use-and-access-act-2025-what-does-it-mean-for-organisations/>

Charity Commission guidance on accepting donations

The Charity Commission has published guidance to help charities when deciding whether to accept, refuse or return a donation. The guidance is designed to help trustees have informed discussions when faced with a choice that has potentially significant consequences but accepts that the default position for trustees should be to accept donations. In making their decision, trustees should:

- consider the risks involved in accepting or refusing the donation, and how likely and serious these are (e.g. reputational harm or negative financial consequences);
- determine what steps they can take to mitigate the risks (e.g. developing a public explanation for a decision); and
- determine how any decision aligns with their charity's purposes.

The regulator also warns trustees not to allow their personal views, or any external pressures that do not relate to their charity's purposes, to influence them to act in a way that is not in their charity's best interest.

The full guidance can be read at: <https://www.gov.uk/guidance/accepting-refusing-and-returning-donations-to-your-charity>

Subscription contracts regime

The Digital Markets, Competition and Consumers Act 2024 sets out a legislative regulatory framework to strengthen protections for consumers when they enter a subscription contract. This applies to organisations where subscriptions and memberships which provide goods and services (e.g. free entry to places, digital content etc.) automatically recur or roll over for a fixed period of time. Pure donations will not be caught by the regime but there are other areas that may, such as when a donor receives invites to events, newsletters and thank you gifts. Charities are urged to consider what fundraising channels and products they have and whether they could be caught.

A government led consultation period came to an end in February 2025 and more information can be found at: <https://www.gov.uk/government/consultations/consultation-on-the-implementation-of-the-new-subscription-contracts-regime/consultation-on-the-implementation-of-the-new-subscription-contracts-regime-web-accessible-version>

Charity investment governance principles

The Charity Finance Group recently unveiled the Charity Investment Governance Principles to aid trustees in managing charity investments. These principles include guidance on legal considerations, governance, integrity, decision making, effectiveness, equity and accountability. The principles aim to address gaps in existing investment governance practices and empower trustees with practical advice.

Further detail can be found at: <https://www.cigp.org.uk/>

Full Charity Commission guidance on this topic can be read at: <https://www.gov.uk/government/publications/charities-and-investment-matters-a-guide-for-trustees-cc14>

Fraud and cybercrime guidance

The Charity Commission has unveiled a refreshed suite of guidance to help trustees protect their charities from fraud and cyber-crime. Launching in Charity Fraud Awareness Week, the charity regulator has published bespoke guidance on how trustees can protect their charity from cyber-crime and a separate shorter guide on fraud. These guides, which replace the regulator's previous guidance, are more concise and easier to use.

They can be read in full at: <https://www.gov.uk/government/news/regulator-refreshes-guidance-as-it-reveals-600-cases-related-to-fraud-in-the-last-year>

Importance of documented contingency plans regarding cyber security preparedness

Following a recent growth in major cyber-attacks, organisations are being reminded of the growing risk posed by cyber threats and the importance of having clearly documented contingency plans in place. These should outline how the organisation would respond to a cyber incident to minimise disruption and protect sensitive data. Trustees should ensure that such plans are not only up to date but also tested regularly and understood by relevant staff. A written and well communicated cyber response plan, held outside of IT system, is considered a key part of good governance and risk management in today's digital landscape.

Worryingly, despite these threats and recent high-profile attacks, 61% of organisations still lack cyber insurance (according to a survey undertaken by Howden <https://www.howdengroupholdings.com/news/cyber-attacks-cost-europes-four-largest-economies->

300bn-in-the-last-five-years-according-to-howden). Cyber insurance can provide a vital safety net covering losses, assistance with business interruption, and expert support to recover quickly after an attack and as such, trustees should also be ensuring that IT security policies are robust and staff are well trained.

For further reading please see: <https://www.ncsc.gov.uk/news/uk-experiencing-four-nationally-significant-cyber-attacks-weekly>

Artificial Intelligence (AI)

Artificial Intelligence (AI) has the potential to revolutionise the charity sector, enabling charities to work efficiently and create a greater impact than ever before. The past year has seen a substantial increase in the use of AI within the sector, with the 2025 Charity Digital Skills Report estimating that more than three quarters of charities are now using AI, though most are still exploring its applications. However, despite these opportunities, charities must also notice the risks involved before adopting AI tools including the potential for factual inaccuracy, bias/discrimination, cost of implementation, data security and sustainability.

A Buzzacott insight on this topic can be read at: <https://www.buzzacott.co.uk/insights/how-is-artificial-intelligence-impacting-your-charity>

The 2025 Digital Skills Report can be accessed at: <https://charitydigitalskills.co.uk/>

Martyn's Law and the impact on charities

Martyn's Law, officially known as the Terrorism Protection of Premises Act, received Royal Assent on 3 April 2025. The UK Government has announced an implementation period of at least 24 months before the Act comes into force.

This legislation aims to enhance public safety by requiring organisations to take proportionate measures to protect staff and the public from terrorism. It was introduced in response to the Manchester Arena attacks and the disruption of over 40 late-stage attacks since March 2017.

For charities operating events or welcoming visitors to public locations inside and outside e.g. community centres, event spaces, museums, galleries, schools, and further education spaces (not higher education), or places of worship, it is essential to determine if Martyn's Law applies.

The law has a two-tier system based on the number of people within a building:

- **Standard Tier (200-799 people):** Ensure staff have training and are familiar with emergency procedures.
- **Enhanced Tier (800+ people):** Implement detailed measures, including formal risk assessments and terrorism response planning.

Charities must therefore focus on raising awareness of terrorist threats, providing appropriate training for staff and volunteers, and establishing clear emergency response procedures. The Home Office will issue statutory guidance to help those responsible for premises and events understand the legislation's

requirements. In the meantime, organisations are encouraged to start preparing to meet their duties of care, enhance safeguarding, and demonstrate good governance and risk management.

Further detail can be found at: <https://homeofficemedia.blog.gov.uk/2025/04/03/martyns-law-factsheet/>

Authorised Push Payment fraud (APP) reimbursement scheme

The APP reimbursement scheme came into force on 7 October 2024 which mandates banks to reimburse small charities (those with under £1m per year) of fraud carried out through the faster payments system and CHAPS to the value of £85,000. Full details of the scheme can be found at: <https://www.psr.org.uk/media/th4jea5a/ps24-5-app-scams-chaps-reimbursement-sept-2024.pdf>

Changes to UK GAAP

In March 2024, the Financial Reporting Council published amendments to FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

The amendments encompass a number of changes including:

- a new model of revenue recognition designed to align UK GAAP with IFRS 15 Revenue from Contracts with Customers;
- a new model of lease accounting which brings assets under operating leases on to the balance sheet, designed to align UK GAAP with IFRS 16 Leases; and
- various other incremental improvements and clarifications.

The amendments will be effective for accounting periods beginning on or after 1 January 2026 and can be read at: [https://media.frc.org.uk/documents/Amendments to FRS 102 and other FRSs.pdf](https://media.frc.org.uk/documents/Amendments%20to%20FRS%20102%20and%20other%20FRSs.pdf)

Businesses can choose to adopt the changes early, potentially benefiting financially if they have a rent-free period on a current lease, though this early adoption is only permissible for registered companies (not charities): <https://www.buzzacott.co.uk/insights/preparing-for-changes-to-frs-102-key-changes>

New Charity Statement of Recommended Practice (SORP)

The revised Charities SORP 2026 was published on 31 October 2025 and will apply to accounting periods beginning on or after 1 January 2026. The changes will not be retrospective, so no restatement of prior year figures will be required. However, they introduce important updates that charities must start preparing for now.

Lease accounting

Existing lease agreements must be reviewed to assess how they will be affected by the new rules.

The updated SORP removes the distinction between finance and operating leases. Most leases, including those for property and vehicles, will now need to be brought onto the balance sheet of lessees, with a right-of-use asset and a corresponding lease liability. It also means the operating lease charges currently recorded in the statement of financial activities will need to be replaced by depreciation and interest charges.

There are some limited exemptions available, such as for leases with terms shorter than 12 months or involving low-value items, but these will need to be assessed on a case-by-case basis.

Income recognition

The treatment of non-exchange transactions such as donations remains unchanged, but other types of revenue must be recognised in accordance with a new five-step model, reflecting international accounting practices. For income streams other than donations, charities should review the terms of each agreement in place, including grant agreements and service/sales contracts, against the new model.

The new model requires charities to recognise revenue when they have fulfilled the performance obligations in each income-generating agreement. This could result in more income being accrued or deferred than under current practices. In most cases, the anticipation is that the resulting revenue recognised will be similar, but the five-step model must still be worked through carefully for this to be demonstrated.

Trustees' report

Trustees should review the structure and contents of the report in accordance with the new SORP, which introduces a three-tier framework differentiating reporting requirements for charities based on income level. This will serve as a good opportunity for trustees to review the report for compliance, clarity and impact.

Further information can be found at: <https://www.buzzacott.co.uk/insights/charities-sorp-2026>

Changes to accounts and examination requirements

Following a public consultation the Department for Culture Media and Sport (DCMS) has announced changes to accounting thresholds. These changes aim to reduce costs and administrative effort for smaller charities.

These changes are expected to come into effect on 30 September 2026 and apply to accounting years that end on or after 30 September 2026.

From this date, an independent examination is only required where income is over £40,000 (previously £25,000) whilst an audit is required if income is over £1.5m and assets are over £5m (increased from £1m and £3.26m respectively).

Company size thresholds

The Labour government has taken forward the previous government's plans by increasing company size thresholds. Legislation was laid before Parliament in December 2024 and came into force on 6 April 2025. The detailed legislation can be read at: <https://www.legislation.gov.uk/uksi/2024/1303/made>

The impact of this is that many companies currently classed as medium-sized will be able to move down to the small category. This will potentially enable them to apply a less onerous financial reporting regime.

Sustainability and reporting

The Environmental, Social and Governance ('ESG') landscape is fast changing in the UK and reporting requirements are becoming more stringent. The largest (>500 employees and £500m turnover) private and listed entities are currently required to provide sustainability and climate change-related information in their annual reports under the Task Force on Climate-Related Financial Disclosures ('TCFD').

Large companies are required to disclose their energy use, greenhouse gas emissions and measures to improve energy efficiency under the Streamlined Energy and Carbon Reporting ('SECR') requirements. However, this disclosed information is not yet subject to independent assurance requirements, which has resulted in greenwashing claims about unverified ESG information contained in annual reports.

In June 2023, the first two international sustainability reporting standards were issued, aimed at improving trust and confidence in statutory disclosures about sustainability and climate change (<https://www.ifrs.org/issued-standards/ifrs-sustainability-standards-navigator/>). The standards were internationally effective from 1 January 2024 and are expected to be adopted by the UK in 2025. New reporting requirements under UK-endorsed IFRS S1 and S2 are expected to apply to accounting periods starting on or after 1 January 2026 (for the largest and listed entities only). A phased implementation approach is expected with the reporting obligation ultimately being extended to all UK companies over time, including those reporting under UK GAAP. While the new standards are designed so that assurance can be gained on the reported information, in the UK no decision has been made whether mandatory assurance will be required.

Supply chain reporting

The European Union's ('EU') Corporate Sustainability Reporting Directive ('CSRD') came into effect on 5 January 2023. This brings the requirement for extensive sustainability disclosures in the annual reports of EU entities from 1 January 2025. CSRD has a requirement for mandatory assurance for all reported sustainability information.

While there is currently no equivalent reporting requirement in the UK, there is an expectation that UK entities will be required to comply with information requests if they form part of a large EU company's value chain.

Charity tax returns – why are they so important?

Whilst it is not compulsory for charities to file a tax return, HMRC is able to perform random checks on charities to ensure exemptions are being claimed correctly. There is no blanket exemption on income generated by a charity because of their charitable status. If a charity receives income that does not fall under the available exemptions, then the profit element of the income will be subject to tax. The main forms of exempt charitable income are:

- Donations and legacies;
- Trading income, where this derives from activities in furtherance of or ancillary to the charity's objectives, or activities carried out by the charity's beneficiaries; and
- Certain investment and property income.

If there is non-charitable trading income that does not fall under the above exemptions, the small-scale taxable trades exemption can be applied whereby a tax liability will not be applied if the non-charitable trading income is less than 25% of the charity's total income, subject to a cap of £80,000. If £80,000 is breached, the total non-charitable trading income will be taxable.

Further information can be found at: <https://www.buzzacott.co.uk/insights/charity-tax-returns-why-are-they-so-important>

Charity Commission tax guidance

The Charity Commission has guidance on direct tax obligations of charities and reliefs available. It is designed to allow charities access to relevant resources in one place with the guidance being available at: <https://www.gov.uk/government/publications/charities-detailed-guidance-notes>

HMRC has also begun rolling out a programme of Structured Risk Reviews (SRRs) across the charity and not-for-profit sectors. This marks a more coordinated approach to compliance, drawing together information across all taxes to build a detailed picture of how organisations operate and identifying any areas of potential underpayment or non-compliance. Evidence suggests that reviews are informed by data from “Connect”, HMRC’s sophisticated data analytics platform, which we have analysed in the following: <https://www.buzzacott.co.uk/insights/hmrCs-structured-risk-reviews-what-charities-and-not-for-profits-need-to-know>

Gift Aid on membership subscriptions

Many charities generate income from membership, supporter and friends scheme subscriptions. These schemes could be eligible to claim a 25% Gift Aid repayment, even where members receive a range of benefits from the charity in return for their subscriptions.

In principle, Gift Aid can only be claimed on donations. Payments to a charity for the purpose of acquiring goods and services are not donations, but a charity may also provide token benefits to a donor in consequence of their donation resulting in the potential for Gift Aid to be claimed.

Further guidance on this can be found here: <https://www.buzzacott.co.uk/insights/can-your-charity-claim-gift-aid-on-membership-subscriptions>

Business rate tax reliefs

Worth over £2 billion of tax savings per year, charities are usually entitled to a mandatory relief and may also be able to claim a further discretionary relief from their local authority. This relief will depend on the policy of the individual local authority and the resources available to them, but if granted, would top up the 80% mandatory relief to a full 100% discount.

Charities should seek to make a case to their local authority of the value that they provide particularly to the local area to maximise their opportunity to obtain the discretionary relief. Non-profit organisations that are not charities may also be able to claim discretionary relief from their local authority if they meet certain criteria.

Further information on this can be found here: <https://www.buzzacott.co.uk/insights/are-you-taking-advantage-of-all-charitable-reliefs-from-business-rates>

IR35 guidance

Off payroll working legislation governs how organisations handle tax for workers providing services through intermediaries, such as personal service companies. The reformed rules, introduced in 2017 and expanded in 2021, shift the responsibility of determining employment status from the worker’s intermediary to the client engaging them. The reformed guidelines assist clients and deemed employers in applying these rules, ensuring correct tax and National Insurance contributions are paid. They also provide examples of best practices to minimise errors and potential penalties. Organisations should use

these guidelines alongside existing resources to make informed decisions based on their specific circumstances.

Detailed guidance can be found at: <https://www.gov.uk/government/publications/help-to-comply-with-the-reformed-off-payroll-working-rules-ir35-gfc4>

Working from home overseas – tax, social security, and payroll considerations

There are a number of tax, social security and compliance issues that both employees and employers should consider before allowing overseas working. Employers should seek professional advice as to whether they will have social security and workplace pension scheme obligations in the country in question. Consideration will also need to be given whether an employee working abroad would create a fixed permanent establishment, resulting in potential overseas tax liabilities.

For further information, please see: <https://www.buzzacott.co.uk/insights/working-from-home-overseas-the-tax-social-security-and-payroll-considerations>

VAT on digital advertising

Although the reverse charge rule is not new, many charities are failing to comply with VAT legislation when dealing with suppliers outside of the UK. This is particularly the case in the advent of increased spend with companies such as Google and Meta who do not charge VAT on their supplies given they are based in Dublin, Ireland.

As a result, UK based organisations must account for VAT on these invoices as if it were an ordinary UK supplier resulting in a likely VAT liability being incurred and it is therefore imperative that charities carefully review each supplier invoice to ensure that the reverse charge mechanism is correctly being applied.

HMRC guidance can be found at: <https://www.gov.uk/guidance/the-vat-domestic-reverse-charge-procedure-notice-735>

HMRC enquiries regarding charities and non-business activities

HMRC has contacted selected charities reminding them to review VAT recovery on non-business activities. Incorrect classification could result in over-recovery of input tax and penalties. However, the line between what constitutes a business or non-business activity is not always clear leading to potential errors in VAT treatment. HMRC have a two test to determine what a business activity is:

1. Does the activity result in a supply of goods or services for consideration?
2. Is the supply made for the purpose of obtaining ongoing income or remuneration?

If both conditions are met, the activity is classed as a business activity, and hence there is entitlement to VAT recovery if taxable supplies are made.

Given the renewed focus on this area, charities should review VAT accounting practices to ensure correct VAT restrictions are applied to minimise the risk of non-compliance and penalties. Further information can be found at: <https://www.buzzacott.co.uk/news/hmrc-enquiries-regarding-charities-and-non-business-activities>

Importance of safeguarding and regular DBS checks

In January 2025, a charity reported a serious incident after discovering an employee had worked with children while on the DBS barred list. Although previous checks in 2021 showed no concerns, a 2023 re-check revealed the individual was barred. No action was taken until December 2024 which is considered an operational failure. The Charity Commission found mismanagement and a breach of trustee duties, though noted the trustees' prompt response, including policy updates and improved safeguarding. Formal advice was issued, and the case closed with a warning. The incident highlights the need for trustees to maintain oversight and ensure DBS compliance. The full press release can be read at <https://www.gov.uk/government/news/regulator-concludes-case-into-st-giles-trust>

Ex-gratia rules

Ex gratia payments are those made under a moral obligation where trustees have no legal power to act. The amount a charity can pay ex-gratia without the Charity Commission's permission will now be set against the charity's income in the previous financial year, following an update to the rules around such payments that came into force in November 2025:

- Income of up to £25,000 = payment limit of £1,000
- Between £25,000 and £250,000 = payment limit of £2,500
- Between £250,000 and £1m = payment limit of £10,000
- Over £1m = payment limit of £20,000

Further guidance from the government can be read here:

<https://www.gov.uk/government/publications/ex-gratia-payments-by-charities-cc7/ex-gratia-payments-by-charities-cc7>

2025 Autumn Budget

The Chancellor delivered her second budget at the end of November 2025. According to the Office for Budget Responsibility, the total tax increases by 2029/30 will be nearly £30 billion, with 920,000 more higher rate taxpayers and a record burden of 38.3% of GDP by the end of the decade. The insight below summarises the budget, with key points impacting the charity sector relating to income tax, NIC, VAT, inheritance tax and potentially corporation tax.

<https://www.buzzacott.co.uk/insights/autumn-budget-2025-what-you-need-to-know>