

**JTL**  
**(A company limited by guarantee)**  
**Group Consolidated Financial Statements**  
**Year Ended 31<sup>st</sup> July 2019**



Charity registration number: 1080254  
Company registration number: 03958541

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<b>Charity registration number</b>	1080254
<b>Company registration number</b>	03958541
<b>Trustees</b>	G Russell (Chairman) <sup>1 3 4</sup> J Allott P Bird <sup>1 2</sup> J Burrows <sup>6</sup> R Clarke <sup>2 3</sup> A Eldred <sup>2 3</sup> C Fenton <sup>7</sup> B McAulay <sup>1 4</sup> (retired 07.03.19) P McNaughton <sup>1 4</sup> T Shelley <sup>5</sup> W Spiers I Woodland <sup>1 4</sup> (appointed 31.05.19)
<b>Chief Executive</b>	J Graham
<b>Company Secretary</b>	C Turner
<b>Registered Office</b>	Stafford House 120-122 High Street Orpington Kent BR6 0JS
<b>Auditor</b>	MHA MacIntyre Hudson Chartered Accountants 6 <sup>th</sup> Floor, 2 London Wall Place London EC2Y 5AU
<b>Solicitor</b>	Stone King LLP Boundary House 91 Charterhouse Street London EC1M 6HR
<b>Bankers</b>	Barclays Bank PLC 1 Churchill Place London E14 5HP



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**Investment Managers**

Barclays Wealth  
Management  
1 Churchill Place  
London  
E14 5HP

Canaccord Genuity Wealth  
Management  
41 Lothbury  
London  
EC2R 7AE

**Board Sub Committee Membership**

- |   |                                    |
|---|------------------------------------|
| 1 | Investments                        |
| 2 | Finance, Audit & Risk              |
| 3 | Quality and Standards              |
| 4 | Remuneration                       |
| 5 | Equality, Diversity & Safeguarding |
| 6 | Health & Safety                    |
| 7 | JT Limited                         |

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## Structure, Governance and Management

The Trustees (who are also Directors of the charity for the purposes of the Companies Act) present their report and the audited financial statements of JTL (the charity and the group) for the year ended 31<sup>st</sup> July 2019.

The Trustees confirm that the Annual Report and financial statements of the company comply with the current statutory requirements, the requirements of the company's governing document, the Companies Act 2006, the Charities Act 2011 and the provisions of the Statement of Recommended Practice (SORP), applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1<sup>st</sup> January 2015).

Within the Trustees' Annual Report is the strategic report, required under S414c(11) of the Companies Act 2006, which contains the following headings:

- Achievements and performance
- Financial review
- Reserves policy
- Remuneration policy
- Public benefit
- Principal risks and uncertainties.

## Trustees of the Charity

The Directors of the charitable company are its Trustees for the purposes of charity law. The Trustees who have served during the year and to the date of this report were as follows:

### *Nominated by Unite the Union*



J Allott  
R Clarke  
W Spiers  
I Woodland

### *Nominated by the Electrical Contractors' Association*



J Burrows  
A Eldred  
P McNaughton



***Other independent appointments***

P Bird  
C Fenton  
G Russell (Chairman)  
T Shelley

## **Charitable Objects**

The charity's objects set out in its Articles of Association are *"to encourage training of persons employed in the electrical installation engineering industry and such other industries as the Trustees may decide"*.

The charitable company's principal activities during the year were the delivery of Advanced Apprenticeships in Electrotechnical, Plumbing, Engineering and Heating and Ventilating.



## **Vision**

JTL's vision is:

*"to be the training organisation of choice to the building services engineering sector".*

## **Structure and Members**

JTL is a charitable company limited by guarantee and was set up on 23<sup>rd</sup> March 2000. Formerly, the company operated as JT Limited which was incorporated in 1989. JTL's company registration number is 03958541 and its charity number is 1080254. The charity is governed by its Articles of Association.

The company's members are Unite the Union and the Electrical Contractors' Association. The members have a liability not exceeding £10 per member.

## **Recruitment and Training of Trustees**

The Articles of Association entitle Unite the Union and the Electrical Contractors' Association to each appoint up to four Trustees and a further independent Trustee to be Chairman. The Trustees may appoint up to a further four independent Trustees. The company is administered by the Board of Trustees, with the Chief Executive (appointed by the Trustees) managing the day to day operations of the charity.

Trustee recruitment is undertaken in accordance with the Articles of Association.

Induction and training is provided by the management and company's professional advisors on a regular basis.

## **Related Parties**

The principal transactions with related parties are with the Joint Industry Board for the



Electrical Contracting Industry (JIBECI) and the Joint Industry Board for Plumbing and Mechanical Engineering Services (JIB PMES). This relates to the registration of all apprentices with the relevant Joint Industry Board for the purpose of receiving apprentice cards and cards recognising their craft competence at the end of the apprenticeship. The registration fees are agreed annually with the relevant JIB and the annual agreement is signed by the relevant Chairs of each organisation.



The arrangement is believed to provide added value to JTL apprentices and is subject to regular review by the JTL Board.

### **Governance and Key Management Personnel**

The governance of JTL takes the form of a non-executive Board of Trustees which meets quarterly. In addition, there are formal Board Sub-Committees including Investment, Remuneration, Finance, Audit & Risk and Quality & Standards. The Board has agreed formal Standing Orders for its own operation and formal Terms of Reference for each of the Sub-Committees.

In addition to the above, there are further two Sub-Committees formed to cover Health and Safety and Equality, Diversity and Safeguarding. Board representatives meet regularly with the executive on these matters and report formally back to the Board of Trustees.

Regular skills audits of Board members are conducted in order to ensure that, across its membership, it has a good understanding of all key areas of business undertaken by and relevant to JTL. The results are reviewed by the Board and the outcomes influence subjects for future training for Board members.

The Board also conducts an annual self-evaluation of its performance. The evaluation is influenced by the Charity Governance Code and the Code of Good Governance for Independent Training Providers published by the Association of Employment and Learning Providers (AELP). The results of the self-evaluation are considered by the Board and appropriate action taken to address areas for improvement.

The Board delegates the day to day operations of JTL to the executive team through a formal Delegated Levels of Authority document which is reviewed regularly by the Board. The executive team is led by the Chief Executive supported by the Executive Management Team (EMT) which consists of the following roles, each with responsibility for defined functions within the business:



- Chief Operating Officer
- Director of Learning & Innovation
- Director of Policy & External Relations
- Human Resources Director
- National Delivery Director

### **Key Management Personnel Remuneration**

The key management personnel of the charity include the Trustees and the EMT.

The Trustees of the charity give their time freely and are not remunerated.

The Chief Executive's remuneration is set annually by the Remuneration Committee. The Remuneration Committee is made up of the Chairman and three other trustees nominated by the ECA, Unite the Union and the independent directors. It is the responsibility of the Chief Executive to set the pay of the EMT. The Remuneration Committee also has responsibility to consider the recommendation of the Chief Executive regarding the overall remuneration of the organisation. This recommendation is based on organisational and staff performance, market testing conducted by the HR Director, Consumer Price Index data and feedback from the members on their likely pay awards. The decision of the Remuneration Committee is then applied through a performance related pay process lead by the Chief Executive and EMT.

### **Employees**

The average monthly full-time equivalent number of employees of JTL for the year ended 31<sup>st</sup> July 2019 was 367 (2018: 312).

JTL communicates with its staff through a number of channels including an annual staff conference, regular executive blogs, webinars, newsletters, EMT and Senior Management Team (SMT) meetings, other manager and staff meetings, a staff forum and the intranet.

JTL ensures that no discrimination is shown on the grounds of any protected characteristics such as: race, colour, nationality, ethnic or national origin, gender, gender reassignment, religion or belief, sexual orientation, age, marital status including civil partnerships, pregnancy and maternity, caring responsibilities or disability (the latter is subject to the industry's safety requirements).



Rewarding everyone fairly, regardless of gender, is at the heart of the JTL leadership team's agenda. However, women are under-represented in the building services engineering sector and assessors are required to be occupationally competent in their discipline, which currently limits the number of female applicants. Our gender split is

currently 75% male and 25% female which reflects JTL's reliance on a nationwide team of occupationally competent assessors, predominantly male, who account for 37% of its total workforce.

	JTL Gender Gap		Proportion of relevant employees with bonus pay	Number with bonuses
	Hourly Pay Differential	Annual Bonus Differential		
Mean	17.7% (↓5.4%)	61.7% (↓3%)		
Median	18.1% (↓8.9%)	74.6% (↑66.9%)		
Male			3.00% (↑1.27%)	5
Female			9.7% (↑9%)	6

This is not a pay but a representation issue. All JTL recruitment is based on competence and not gender, race, creed or orientation. The majority of female employees are in lower paid administrative functions. The move to having JTL centres and tutors will have a positive impact on the gap as more female tutors are likely to be available.



JTL acknowledges its responsibilities in relation to tackling modern slavery and commits to complying with the provisions of the Modern Slavery Act 2015. The organisation understands that this requires an ongoing review of both its internal practices in relation to its labour force and, additionally, its supply chains. No labour provided to JTL in the pursuance of its services is obtained by means of slavery or human trafficking.

JTL is a Disability Confident Employer and actively seeks to attract and recruit disabled people by providing a fully inclusive and accessible recruitment process. We interview all disabled people who meet the minimum criteria for our vacancies. We are supportive of our employees who may become disabled during their employment and proactively offer and make reasonable adjustments as required. We expect all our employees and people working with us to treat all people with respect and ensure that appropriate disability equality awareness briefings take place on a regular basis.



JTL has an obligation to meet the Prevent Duty requirements as defined by the Counter Terrorism and Security Act 2015. In meeting this duty, JTL has developed a training programme for all staff, has a Prevent strategy in place and has amended its policies and key documents to reflect the Prevent Duty. A staff working group is in place to focus on Equality, Safeguarding and Prevent and meets half-yearly to provide updates to all staff as appropriate.

## Aims and Objectives

The JTL Executive Management Team present to the Board, who annually approve, a three-year (2017-20) organisational strategy, and underpinning one-year business plan. The five strategic goals of the organisation are to:

- *Increase our learner numbers and market share in our core apprenticeships year on year.*
- *Improve our financial resilience, sustainability and results.*
- *Continue to diversify and grow our products and services to better meet the changing needs of the industry and its workforce.*
- *Enhance and innovate (our processes and systems) to enable us to be a great, high quality organisation: responsive to our learner and employer needs with a minimum Grade 2 "Good" Ofsted; and*
- *Recruit and retain great people and be a great place to work.*

## Public Benefit Statement

The Trustees have had regard to their responsibilities in demonstrating public benefit as set out in guidance provided by the Charity Commission. The charity has and continues to demonstrate a number of areas of public benefit within its core charitable objective of the advancement of education, in the form of advanced apprenticeship training, achieving high levels of success through the support and mentoring offered throughout the typically four-year apprenticeship period.



The impact on beneficiaries is through the training of persons employed in, or wishing to enter, the building services engineering sector to obtain qualifications for life. In doing so this ensures the success and prosperity of the sector by supporting and improving an appropriately trained and skilled workforce. The high achievement rates of JTL apprentices are a good indicator of the effectiveness of its programmes and therefore the value for money obtained for the public purse.

JTL also offers Traineeships which are a Government funded scheme, which last up to 16 weeks. These prepare young people who are not yet ready for an apprenticeship, with skills which will help them with future employment as well as giving work experience which may lead to employment. Greater emphasis on initial advice and guidance and initial assessment supports JTL's No Wrong Door strategy which ensures all learners are given the appropriate support and guidance to meet their individual needs in making choices about their career in the industry.

JTL also continues to offer its employers grant schemes with funding available for the electrical



AM2 test and gas ACS examination as well as an adoption grant for employers who take on apprentices who have been made redundant during their apprenticeship to help them complete their apprenticeship successfully. Fortunately, the need for this latter grant has reduced over recent years due to greater market confidence but it has previously been extremely beneficial to a number of apprentices during the economic downturn which affected the building services engineering sector.



JTL provides all its apprentices with free, high quality textbooks, learning materials and toolkits to support their progress and achievement without the need to incur the costs associated with such purchases.

It is also apparent that charitable status is attractive to colleges of further education who are more willing to work with JTL in innovative partnership arrangements than is otherwise the case with profit seeking providers. Such arrangements are proving beneficial to learners and employers and are providing improved services to local communities.

All apprenticeship courses are fully accessible and available free of charge to its learners, as the costs are met by the government and employers or are underwritten by JTL's charitable funds.

## **STRATEGIC REPORT**

### **ACHIEVEMENTS AND PERFORMANCE**



#### **Management**

The EMT initially worked together to set out a three-year strategy (2016-19), framed around the vision to be the training organisation of choice to the building services engineering sector, supporting the organisation's drive to pursue a journey from "good to great". Having reviewed its objectives carefully, the Board and EMT agreed to continue this rolling strategy as the most effective way of achieving its objectives.

Individual targets are set annually within the annual business plan to support the rolling three-year strategic plan, and significant improvements in each indicator have been made during the year, particularly JTL's financial performance, whilst also increasing our learner numbers and market share. We continue to work with our delivery partners but also have opened more of our own training centres to support our employers and learners as appropriate.

The EMT is supported by a Senior Management Team (SMT) comprising the next tier of performance management within the company which is made up of Heads of Departments and Regional Business Managers. The EMT and SMT meet regularly and work together to continuously improve JTL's performance.



#### **Statistics**

During the year, JTL recruited over 2,700 (2018: 2,300) apprentices and delivered in excess of 1,300 (2018: 1,200) apprentice achievements. Market share in the core electrotechnical discipline has improved to almost 30%. Based on the last official Education and Skills Funding Agency (ESFA) published figures (2017/18), JTL had an overall achievement rate of 76% (2016/17: 67%) compared to a national average of 71.2% and a timely achievement rate of 55.8% (2016/17: 50.7%). At 31<sup>st</sup> July 2019, JTL had over 7,100 apprentices in training.



#### **College Partners and JTL Centres**

JTL continues to fund all college fees for its apprentices in training to enable them to successfully complete the appropriate off-the-job learning elements of the apprenticeship. JTL employs occupationally qualified and competent field staff who regularly monitor, review and assess the apprentices' progress.

The core business model is for JTL to work with delivery partners where the quality is good, and it meets employer needs. However, where this model has proved unsatisfactory in terms of quality or financial viability of provision, JTL has continued its strategy of developing its own centres. It now operates its own training from a total of ten centres including:

- Aldercar (East Midlands)
- Ashford
- Birmingham
- Carlisle
- Maidstone (college partnership)
- Norwich
- Orpington
- Oxford
- Preston (college partnership)
- Tankersley (South Yorkshire)



JTL also operates a training centre in exclusive partnership with P & R Hurt in Yeovil.



### **Quality**

Quality is a key factor in assessing the effect of our training on both employers and apprentices. The Common Inspection Framework and Self-Assessment Report form a key foundation of JTL's quality activities to help maintain a clear focus on Ofsted priorities. In November 2016, JTL was re-inspected by Ofsted and once again achieved a "Grade 2 - Good" inspection report. JTL's focus on the quality of its provision results in it continuing to have achievement rates well above the national average.



In addition, JTL holds BS EN ISO 9001:2008 for quality management systems and it has held the Investors in People (IIP) standard since 1995 (most recently re-assessed in 2017) and the Matrix standard since 2012 (which was also successfully re-assessed in 2017). In 2017, JTL was re-accredited with Committed 2 Equality and maintained its Gold standard for Equality.



JT Limited has also been accredited by UKAS to ISO 17024:2012 in respect of its CompEx operations since 2010 (re-audited in 2017). JTL employs a rolling internal audit programme which includes delivery partner inspections.



Accredited to  
ISO/IEC 17024:2012 to  
provide certification of  
persons





## **Equality, Diversity and Safeguarding**

JTL is committed to a policy of equality and diversity for everyone. No applicant for a training scheme place with JTL, apprentice, customer or member of staff shall knowingly receive less favourable treatment on the protected characteristics, nor will any other condition or requirement that cannot be justified disadvantage them.



JTL is also committed to safeguarding and promoting the welfare of children and young people and expects all staff to share this commitment.



The building services engineering industry is generally regarded as a white, male industry and JTL continues to address this stereotyping through its growing apprentice ambassador scheme which sees existing female and Black, Asian, Minority Ethnic (BAME) apprentices working with schools and at careers events to promote the opportunities in the industry as well as to network with each other.



## **FINANCIAL REVIEW**

The JTL strategy set out by the Executive Management Team in 2018 included as one of its five objectives a strategic objective of improving financial management and performance. This included specifically delivering a positive overall net movement of funds and, within that, moving JTL from an operating deficit to an operating surplus.

The Consolidated Statement of Financial Activities for the year is set out on page 25 and shows an operating surplus for the year of £2,377,963 (2018: £2,000,876). Net movement in funds for the year amounted to £3,507,986 (2018: £3,424,094) after investment gains of £1,130,023 (2018: £1,423,218). This resulted in a net asset position, all held as unrestricted funds as at 31<sup>st</sup> July 2019, of £43,242,656 (2018: £39,734,669). The Trustees are satisfied with the net asset position at the year end and are confident that sufficient funds are available to meet future needs.

For the charity alone, total income for the year amounted to £32,075,124 (2018: £31,025,068), with a net movement in funds of £3,465,551 (2018: £2,873,862). Total donations to JTL from JT Limited under the Gift Aid scheme in the year to 31<sup>st</sup> July 2019 were £550,234 (2018: £0). The 2019 profit amount was not accrued at the end of the year following clarification of Financial Reporting Standard 102. The subsidiary had total income for the year of £1,435,424 (2018: £1,357,339) and costs of £842,756 (2018: £807,104) which is in line with strategy and expectation.





### **Finance, Audit and Risk Committee (FARC)**

The Finance, Audit and Risk Committee was active throughout 2018/19. In addition to standard agenda items covering company and financial performance, internal and external audit activity and preparation of the financial statements, the Committee also considered a number of items in focus at its meetings. These included:

- Bad debt policy
- Property
- IT security update
- Proposed new finance system
- Quality management and activity
- Reserves Policy
- Risk appetite of all group related companies
- Safeguarding



### **Investments**

Under the Articles of Association, the charity has the power to make any investment which the Trustees see fit.

In terms of investment funds, JTL's objective is to achieve capital growth, whilst maintaining a balanced risk profile over the medium term and to deliver annual net gains to support the consolidated financial position, as set out in the three-year strategy. Until July 2019 JTL's funds were managed by Barclays Wealth and Canaccord Genuity. Following a rigorous tendering process in June 2019 JTL's funds are now managed solely by Barclay's Wealth with funds invested on a medium risk profile.

In terms of socially responsible investing, regular discussions are held at the JTL Board, JTL Investment Committee and with the investment managers regarding the approach taken on behalf of JTL. The Investment Committee is aware that the investments are managed by the charity department of Barclays who have an established ethical investing offering, this is made up of a 3-stage process that includes:

- A negative screen which is applied using MSCI ESG Business Involvement Screening Research to remove companies whose primary businesses are focused around tobacco, alcohol, armaments, gambling, adult entertainment or fossil fuels.
- Independently calculated MSCI ESG results are then used to remove companies that do not meet a minimum threshold around environmental, social and corporate governance characteristics.
- Positive Analysis - Companies are identified that help to address at least one of the UN's Sustainable Development goals.

During the year, the overall return of the portfolio was 5.3%. The JTL portfolio has performed comparatively better than the ARC (Asset Risk Consultants) Sterling Steady Growth Charity Index which delivered a return of 5.71% during the same period.

In addition to the investment funds, JTL has a wholly owned subsidiary, JT Limited. The principal business of JT Limited is the operation of the CompEx Certification Scheme. The CompEx Scheme is the global solution for validating core competency of employees and contract staff of major users in the gas, oil and chemical sectors for both offshore and onshore activities.



JT Limited has, under contract to the Engineering Equipment and Materials Users Association (EEMUA), managed and operated the CompEx Scheme since it was developed in 1994 and, in April 2014, acquired the Scheme from EEMUA.



### **Reserves Policy**

The general reserves of the group at 31 July 2019 were £43,242,566 of which £3,410,439 is represented by tangible and intangible fixed assets. Free reserves, defined as excluding such funds attributed to these assets, were £39,832,217.

The current reserves policy requires that unrestricted funds held by the charity should be more than six months (£15,702,174) and less than twelve months (£31,404,348) of the resources expended. After allowing for factors detailed in Charity Commission guidance for best practice, the charity's reserves are in line with this policy. At this level the charity would be able to continue its activities until arrangements could be found to transfer and fund the transfer of the training of apprentices under its managing agency to another organisation.

In addition, the Reserves Policy was reviewed and amended by the Finance, Audit and Risk Committee during the year to reflect the need for digital and technological improvements, capital investments in new JTL training centres and potential acquisitions. It was also agreed that the Finance, Audit and Risk Committee would have an annual review, to support the next strategic and business planning cycle. This annual review will update and restate JTL's Reserves Policy to ensure that the level of reserves is reasonable to cover all operational and other commitments.

The Trustees consider that in light of the above and the current economic climate, the amount in reserves is appropriate.



### **Principal Risks and Uncertainties**

The Board ensures, through the specific delegation of responsibilities, that the Executive

Management Team will manage significant business risks through a combination of risk identification, analysis, evaluation, control and action planning so as to contain risk within limits acceptable to the Board.

In line with JTL's risk management policy and framework, risks are logged on JTL's risk register and reviewed regularly. The most significant risks are then reviewed and discussed monthly by the Executive Management Team and quarterly by the Finance, Audit & Risk Committee and reported to the Board.

The most significant risks currently identified are:

- Safeguarding of Learners
- Loss of personal identifiable data
- Poor Ofsted rating
- Insufficient Government funding, due to the new funding system.

The Trustees have assessed these major risks and are satisfied that adequate steps are being taken to mitigate exposure and reduce the risks.



#### **Plans for future periods**

JTL's core business is delivering high quality apprenticeships to the building services engineering sector. The strategy is to continue to concentrate on this sector but to expand the range of training offered including to some of the smaller, more specialist areas of the industry. In addition to our apprenticeship provision, we are strengthening our pre-apprenticeship/ traineeship programme and continuing to give consideration to higher level and short course provision.



The JTL three-year strategy and annual business plan set out specific targets to grow our learner numbers and our market share. Our preferred option continues to be a mixed delivery model strategy, but it is also likely that we will increase the levels of our direct delivery at our own current and new centres.

The electrotechnical standard is now embedded and, despite recruitment problems in other sectors, we are not only maintaining but growing our learner volumes. We are also continuing to improve our engagement with national accounts in order to support our employers in utilising the apprenticeship levy.

JTL remains committed to the implementation of a technology strategy and have set out a digital journey. This includes increased automation of systems and processes plus e-



documentation, e-portfolios and a new customer relationship management system.



Underpinning everything we do is our focus on the quality of our provision and ensuring that we not only meet but exceed the expectations of our customers, learners, funding bodies and the industry. In doing this we also want to be an enjoyable, fulfilling and exciting place to work, an organisation which people are proud to be part of and one which rewards excellence and achievement. Simply put, we want to be a great place to work and a great organisation to work with.

JTL continues to monitor external opportunities for partnership and acquisition as long as these support the JTL objectives, ethos and the overall business strategy. In September 2019 JTL acquired Develop Training, one of the UK's leading accredited providers of compliance, technical, and safety training to the utilities and construction, defence, healthcare, facilities management, and telecommunication sectors. It is believed that the acquisition of Develop Training will increase and improve the range and scale of JTL's provision.

The JTL strategic objective of improving financial management and performance continues to support all our development plans and continued improvement.



### **Post Balance Sheet Event – Coronavirus (Covid-19) Pandemic**

Since the preparation of the Trustees' Annual Report and Financial Statements but before they have been approved, the world has been savaged by the Coronavirus (Covid-19) which is having a devastating effect across the world. In addition to the massive personal impact on individuals across the globe, it is having colossal effects on economies, businesses and governments. Despite efforts by the UK government to implement unprecedented business support measures, JTL is already experiencing the unfortunate consequences of this global pandemic.

Since the extent of the impact of Covid-19 became apparent, JTL has been pro-active in its management of the crisis on its current and future business:

- JTL's Business Continuity Management plan has been invoked and escalated to deal with the scale of the crisis.
- All staff are working from home with offices and centres closed. Equipment and systems, with the necessary training and regular support, have been provided and the business continues to operate effectively. A minimal number of staff have been furloughed as the majority of JTL's business activities continue.

- Remote learning arrangements have been put in place to maximise teaching and learning for JTL apprentices during a sustained period and to minimise disruption to their progress. This has been made available to all apprentices regardless of whether they are still in work, furloughed, self-isolating or have been made redundant and regardless of government funding rules. Our aim is “to keep our learners learning”.
- Increased regular contact (albeit remote) with all learners has been put in place to ensure safeguarding is maintained e.g. mental health and wellbeing.
- Early analysis has shown that, while many apprentices continue to work in what is, after all, a key sector, redundancies appear to be relatively low during the early weeks of Covid-19. It is believed that a significant proportion of apprentices have been furloughed which gives rise to expectations that they will return to work and will be able to complete their apprenticeship once the crisis diminishes.
- Consideration has commenced of what activities should be undertaken to support JTL’s learners and employers when they return to work and can fully resume their apprenticeships activities. This may include increased practical teaching and learning (to catch up on missed workshop and work-based activity), return to work training support and/or additional revision modules.

With no end in sight to the emergency measures being taken, it is inevitable that performance for 2019/20 will be significantly lower than anticipated and that 2020/21 is likely to be a very challenging year. Analysis of the impact of previous recessions has been considered and, based on previous experience, it is likely to take a number of years for the economy and the sector to recover from this. Significant losses are anticipated in 2019/20, 2020/21 and possibly beyond for both JTL and its wholly owned subsidiary JT Limited.

The impact on 2020/21 and beyond is unknown and difficult to measure, however losses are expected to progressively reduce as life gets back to normal. JTL has sufficient reserves to absorb the expected losses and remain within the overall reserves policy.

Despite our reliance on investment returns diminishing over the past years it remains an important source of overall group income. Following an initial reduction in value there has been a recent improvement. It is acknowledged that dividend receipts will be reduced but that a breakeven position is possible at year end 2020/21. Investments returns remain volatile, and the actual outcome could be significantly different.

### **Going Concern**

After making appropriate enquiries and considering the impact of Covid-19, the Trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

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## **Trustees' Responsibilities Statement**

Trustees (who are also directors of JTL for the purposes of company law) are responsible for preparing the Trustees' Annual Report (including the Strategic Report) and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

- select suitable accounting policies and then apply them consistently.
- observe the methods and principles in the Charities Statement of Recommended Practice (SORP) 2015 (FRS102).
- make judgements and estimates that are reasonable and prudent.
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company and the group will continue in operation.

The Trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charity and the group and enable them to ensure that the financial statements comply with the Companies Act 2006 and the provisions of the charity's constitution. They are also responsible for safeguarding the assets of the charity and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees 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.

## **Disclosure of information to the auditors**

We, the Directors of the company who held office at the date of approval of these Financial Statements as set out above each confirm, so far as we are aware, that:

- there is no relevant audit information of which the company's auditors are unaware; and



- 
- we have taken all the steps that we ought to have taken as Directors in order to make ourselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

In approving the Trustees' Annual Report, we also approve the Strategic Report included therein, in our capacity as company Directors.

Signed on behalf of the Board of Trustees



**Geoffrey Russel**  
Chairman of the Trustees

Date: 4 June 2020



## **Opinion**

We have audited the financial statements of JTL (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 July 2019 which comprise the consolidated statement of financial activities, the statement of cash flows, the consolidated and charity balance sheets and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent charitable company's affairs as at 31 July 2019, and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (FRC's) Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or parent charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

## **Other information**

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

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 (incorporating the strategic report and the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

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

In the light of our knowledge and understanding of the group and parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' 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 and sufficient accounting records have not been kept by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company's financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

**Responsibilities of trustees**

As explained more fully in the trustees' responsibilities statement set out on page 20, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group's and parent charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the group or the parent charitable company or to cease operations, or have no realistic alternative but to do so.

**JTL**  
**(A company limited by guarantee)**

**Independent Auditor's Report to the Members of JTL**  
**(Registered company number: 03958541)**

**Year Ended 31 July 2019**

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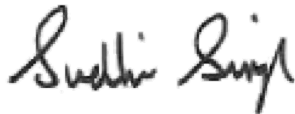
**Auditor's responsibilities for the audit of the financial statements**

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.

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

**Use of our report**

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



**Sudhir Singh (FCA) (Senior Statutory Auditor)**

*For and on behalf of MHA MacIntyre Hudson*  
*Chartered Accountants & Statutory Auditor*  
*6<sup>th</sup> Floor*  
*2 London Wall*  
*EC2Y 5AU*  
*Date:*

29 June 2020

*MHA MacIntyre Hudson is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.*

**Consolidated Statement of Financial Activities**  
(Including Income and Expenditure Account)

**Year Ended 31 July 2019**



	Note	2019 £	2018 £
<b>Income from:</b>			
Charitable activities	2	31,524,890	31,025,068
Other trading activities	3	1,435,424	1,357,339
Investments & bank interest	4	821,997	686,690
<b>Total income</b>		<b>33,782,311</b>	<b>33,069,097</b>
<b>Expenditure on:</b>			
Raising funds	5	1,014,365	974,192
Charitable activities	6	30,389,983	30,094,029
<b>Total expenditure</b>		<b>31,404,348</b>	<b>31,068,220</b>
<b>Net income / (expenditure)</b>		<b>2,377,963</b>	<b>2,000,876</b>
Net gains on investments	14	1,130,023	1,423,218
<b>Net movement in funds</b>		<b>3,507,986</b>	<b>3,424,094</b>
<b>Reconciliation of funds:</b>			
Total funds brought forward		39,734,669	36,310,575
<b>Total funds carried forward</b>		<b>43,242,656</b>	<b>39,734,669</b>

All activities are continuing and relate to unrestricted funds in 2019 and 2018.

The notes on pages 30 to 45 form part of these financial statements.

	<b>Note</b>	<b>2019 £</b>	<b>2018 £</b>
<b>Fixed assets</b>			
Tangible assets	<b>13</b>	3,410,439	2,510,705
Investments	<b>14</b>	33,942,893	32,200,295
		<u>37,353,332</u>	<u>34,711,000</u>
<b>Current assets</b>			
Debtors	<b>15</b>	6,856,672	5,306,347
Cash at bank and in hand		6,616,509	7,642,430
		<u>13,473,181</u>	<u>12,948,777</u>
<b>Creditors: amounts falling due within one year</b>	<b>16</b>	(7,583,857)	(7,925,108)
<b>Net current assets</b>		<u>5,889,324</u>	<u>5,023,669</u>
<b>Net assets</b>		<u>43,242,656</u>	<u>39,734,669</u>
<b>Group Funds</b>			
Unrestricted funds		<u>43,242,656</u>	<u>39,734,669</u>
<b>Total group funds</b>		<u>43,242,656</u>	<u>39,734,669</u>

The financial statements were approved and authorised for issue by the Board on 4<sup>th</sup> June 2020.

Signed on behalf of the Board of Trustees



**Geoffrey Russell**  
Chairman of the Trustees

The notes on pages 30 to 45 form part of these financial statements.

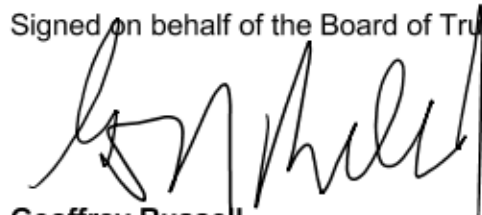
Company registration number: 03958541



	<b>Note</b>	<b>2019 £</b>	<b>2018 £</b>
<b>Fixed assets</b>			
Tangible assets	<b>13</b>	3,391,202	2,498,113
Investments	<b>14</b>	33,942,895	32,200,297
		<u>37,334,097</u>	<u>34,698,410</u>
<b>Current assets</b>			
Debtors	<b>15</b>	7,025,669	5,158,852
Cash at bank and in hand		5,686,195	6,988,687
		<u>12,711,864</u>	<u>12,147,539</u>
<b>Creditors: amounts falling due within one year</b>	<b>16</b>	(7,395,974)	(7,661,513)
		<u></u>	<u></u>
<b>Net current assets</b>		5,315,890	4,486,026
		<u></u>	<u></u>
<b>Net assets</b>		42,649,987	39,184,436
		<u></u>	<u></u>
<b>Charity Funds</b>			
Unrestricted funds		42,649,987	39,184,436
		<u></u>	<u></u>
<b>Total charity funds</b>		42,649,987	39,184,436
		<u></u>	<u></u>

The financial statements were approved and authorised for issue by the Board on 4<sup>th</sup> June 2020.

Signed on behalf of the Board of Trustees



**Geoffrey Russell**  
Chairman of the Trustees

The notes on pages 30 to 45 form part of these financial statements.  
Company registration number: 03958541

**Consolidated Statement of Cash Flows**

**Year Ended 31 July 2019**

	<b>Note</b>	<b>2019</b> <b>£</b>	<b>2018</b> <b>£</b>
<b>Cash flow from operating activities</b>	<b>18</b>	212,352	3,921,964
<b>Cash flow from investing activities</b>			
Payments to acquire tangible fixed assets		(1,465,750)	(650,920)
Receipts from sales of tangible fixed assets		19,448	-
Payments to acquire investments		(4,182,068)	(5,032,000)
Receipts from sales of investments		20,544,920	4,171,968
Income from Investments		820,605	686,942
Movement in cash held by investment managers		(16,975,428)	353,647
<b>Net cash flow from investing activities</b>		<b>(1,238,273)</b>	<b>(470,363)</b>
<b>Net increase in cash and cash equivalents</b>		<b>(1,025,921)</b>	<b>3,451,601</b>
<b>Cash and cash equivalents at 31<sup>st</sup> July 2018</b>		<b>7,642,430</b>	<b>4,190,829</b>
<b>Cash and cash equivalents at 31<sup>st</sup> July 2019</b>		<b>6,616,509</b>	<b>7,642,430</b>
<b>Cash and cash equivalents consist of:</b>			
Cash at bank and in hand		6,616,509	7,642,430
<b>Cash and cash equivalents at 31<sup>st</sup> July 2019</b>		<b>6,616,509</b>	<b>7,642,430</b>

The notes on pages 30 to 45 form part of these financial statements.



## **1 Summary of Significant Accounting Policies**

### **(a) General Information and Basis of Preparation**

JTL is a charitable company limited by guarantee in the United Kingdom. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £10 per member of the charity.

The address of the registered office is given in the charity information on page 3 of these financial statements.

The nature of the charity's operations and principal activities are delivering Advanced Apprenticeships in Electrotechnical, Plumbing, Engineering and Heating and Ventilating.

The charity constitutes a public benefit entity as defined by FRS 102. 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 UK and Republic of Ireland (FRS 102) issued on 16 July 2014, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities Act 2011, the Companies Act 2006 and UK Generally Accepted Practice as it applies from 1 January 2015.

The financial statements are prepared on a going concern basis under the historical cost convention, modified to include certain items at fair value. The financial statements are prepared in sterling which is the functional currency of the charity and rounded to the nearest pound.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

### **(b) Basis of Consolidation**

The financial statements consolidate the accounts of JTL and its wholly owned subsidiary undertaking, JT Limited.

The charity has taken advantage of the exemption contained within Section 408 of the Companies Act 2006 not to present its own income and expenditure account.

The net movement in funds dealt with in the income and expenditure account of the charity was £3,465,551 (2018: £2,873,862).

**(c) Going Concern**

The financial statements have been prepared on a going concern basis as the Trustees believe that no material uncertainties exist. The Trustees have considered the level of funds held and the expected level of income and expenditure for the foreseeable future, which is considered to be for at least 12 months from authorising these financial statements. The budgeted income and expenditure is sufficient with the level of reserves for the Group to be able to continue as a going concern.

**(d) Funds**

Unrestricted funds are available for use at the discretion of the Trustees in furtherance of the general objectives of the charity. All funds received during the year were unrestricted.

**(e) Income Recognition**

All incoming resources are included in the Statement of Financial Activities (SoFA) when the charity is legally entitled to the income after any performance conditions have been met, the amount can be measured reliably and it is probable that the income will be received.

Income from government and other grants are recognised at fair value when the charity has entitlement after any performance conditions have been met, it is probable that the income will be received, and the amount can be measured reliably. If entitlement is not met, then these amounts are deferred.

Investment income is earned through holding assets for investment purposes such as shares. It includes dividends and interest. Interest income is recognised using the effective interest method and dividend income is recognised as the charity's right to receive payment is established.

Other income includes gains on disposals of tangible fixed assets, recognised upon completion of the sale.

**(f) Expenditure Recognition**

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Expenditure is recognised where there is a legal or constructive obligation to make payments to third parties, it is probable that the settlement will be required, and the amount of the obligation can be measured reliably. It is categorised under the following headings:

- Expenditure on charitable activities comprises costs which directly relate to education and training activities as well as an allocation of support costs, see note (g).
- Costs of raising funds, which includes:
  - Trading expenditure consists of expenditure relating to the operation of the trading subsidiary JT Limited; and
  - Investment management expenses which consist of amounts charged by Investment Managers for managing the charity's investments.

Irrecoverable VAT is charged as an expense against the activity for which expenditure arose.

#### **(g) Support costs allocation**

Support costs are those that assist the work of the charity but do not directly represent charitable activities and include office costs, governance costs and administrative payroll costs. They are incurred directly in support of expenditure on the objects of the charity and include project management carried out at headquarters. Where support costs cannot be directly attributed to particular headings, they have been allocated to cost of raising funds and expenditure on charitable activities on a basis consistent with use of the resources.

#### **(h) Tangible fixed assets**

Tangible fixed assets are stated at cost (or deemed cost) less accumulated depreciation. Cost includes costs directly attributable to making the asset capable of operating as intended.

Assets costing less than £1,000 individually are not capitalised and are expended within the year.

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value, of each asset on a systematic basis over its expected useful life. During the year the depreciation rates applied were revised accordingly:

	2019	2018
Freehold property	4% straight line	4% straight line
Computer equipment	25% straight line	25% straight line
Fixtures and fittings	25% straight line	25% straight line
Motor vehicles	33.3% straight line	33.3% straight line
IT software cost	25% straight line	25% straight line

The changes to the depreciation rates above represent a change in accounting estimate and therefore do not require a restatement of the prior year figures. No depreciation is provided for Freehold Land

**(i) Investments**

Investments are recognised initially at fair value, which at year end is normally the transaction price excluding transaction costs. Subsequently, they are continuously measured at a mark to market at fair value with changes recognised in 'net gains or losses on investments' in the consolidated statement of financial activities if the shares are publicly traded or their fair value can otherwise be measured reliably. Other investments are measured at cost less impairment.

Investments in subsidiaries are measured at cost less impairment.

**(j) Debtors and creditors receivable/payable within one year**

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in expenditure. Debtors are presented net of any provisions for bad and doubtful debts.

**(k) Impairment**

Assets not measured at fair value are reviewed for any indication that the asset may be impaired at each balance sheet date. If such indication exists, the recoverable amount of the asset, or the asset's cash generating unit, is estimated and compared to the carrying amount. Where the carrying amount exceeds its recoverable amount, an impairment loss is recognised in the SoFA unless the asset is carried at a revalued amount where the impairment loss is a revaluation decrease.

**(l) Provisions**

Provisions are recognised when the charity has an obligation at the balance sheet date as a result of a past event, it is probable that an outflow of economic benefits will be required in settlement and the amount can be reliably estimated.

**(m) Leases**

Rentals payable under operating leases are charged to the SoFA on a straight-line basis over the period of the lease.



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**(n) Employee Benefits**

When employees have rendered service to the charity, short-term employee benefits to which the employees are entitled are recognised at the undiscounted amount expected to be paid in exchange for that service. The charity operates a defined contribution plan for the benefit of its employees. Contributions are expensed as they become payable.

**(o) Tax**

The charity is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. As such, surpluses and gains are exempt from Corporation Tax providing they are applied for charitable purposes. The trading subsidiary is subject to Corporation Tax, however, has committed to donate its profit to the parent company in the form of Gift Aid within 9 months of the year end such that no tax charge arose in the year. This donation is not accrued at the year end as it does not represent a legal or constructive obligation.

**(p) Financial Instruments**

The charity holds basic Financial Instruments. The financial assets and financial liabilities of the Charity are as follows:

- Financial assets: Trade and other debtors and accrued income are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 18. Prepayments are not financial instruments.
- Cash at bank – is classified as a basic financial instrument and is measured at face value.

All other investments are classified as basic financial instruments and held at their fair value.

Financial Liabilities: Trade creditors, accruals and other creditors will be classified as financial instruments and are measured at amortised cost as detailed in note 19. Basic taxation and social security are not included in the financial instrument's disclosure. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver charitable services rather than cash or another financial instrument.

**(q) Critical accounting estimates and areas of judgement**

Judgements (apart from those involving estimates) have been made in the process of applying the following accounting policies that have had a significant effect on amounts

recognised in the financial statements;

- Depreciation rates for tangible fixed assets
- Amortisation rates for intangible assets
- Basis of valuation of financial investments
- Provision for bad and doubtful debts

## **2 Income from charitable activities**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
ESFA and Welsh Assembly income receivable	29,991,180	29,386,629
Other income receivable	1,533,710	1,638,439
	<b>31,524,890</b>	<b>31,025,068</b>

Other income receivable of £1,533,710 (2018 - £1,638,439) comprises of income from various sources including employer contributions, commercial courses, room hire, rental income, miscellaneous income and royalties.

## **3 Income from Other Trading Activities**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Trading income in subsidiary	1,435,424	1,357,339
	<b>1,435,424</b>	<b>1,357,339</b>

## **4 Income from Investments**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Dividends and interest from listed investments	782,048	673,846
Bank interest	39,949	12,844
	<b>821,997</b>	<b>686,690</b>

## 5 Expenditure on Raising Funds

	2019 £	2018 £
Direct trading expenditure	443,297	447,083
Support costs of trading	399,459	360,023
Investment manager fees	171,609	167,086
	<b>1,014,365</b>	<b>974,192</b>

## 6 Analysis of Expenditure on Charitable Activities

	Activities undertaken directly £	Staff costs £	Support costs £	Total £
Education and training				
2019 total	12,550,418	12,230,619	5,608,946	30,389,983
2018 total	14,682,133	10,537,848	4,874,047	30,094,028

## 7 Allocation of Support Costs

	Cost of raising funds £	Charit- able activities £	2019 Total £	Cost of raising funds £	Charit- able activities £	2018 Total £
Wages and salaries	96,406	2,877,710	2,974,116	95,135	2,440,905	2,536,041
Finance	1,303	1,940	3,243	2,056	2,154	4,210
Information technology	13,394	249,566	262,960	16,693	288,435	305,127
Office and other costs	163,836	1,640,365	2,354,435	153,781	1,365,932	1,519,713
Depreciation	5,220	140,223	145,443	1,809	249,391	251,200
Other staff costs	30,878	383,648	414,525	39,461	278,720	318,181
Governance (see note 8)	88,422	315,494	403,916	51,086	248,512	299,598
	<b>399,459</b>	<b>5,608,946</b>	<b>6,558,638</b>	<b>360,023</b>	<b>4,874,049</b>	<b>5,234,070</b>



## **8 Governance Costs**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Trustee meetings	2,440	1,653
Auditor's fees (including expenses and benefits in kind)	19,000	18,000
Legal fees	403,916	299,598
	<b>425,356</b>	<b>319,251</b>

## **9 Movements in Funds**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Depreciation of tangible fixed assets	548,739	914,918
Amortisation of other intangible assets (incl. within intangibles)	(10,277)	-
Operating lease rentals	-	-
Profit on fair value movement of investments	1,130,022	1,423,218

## **10 Auditor's Remuneration**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Fees payable to the charity's auditor for the audit of the charity's annual accounts	19,000	21,600
Under accrual in the prior year	-	-
Fees payable to the charity's auditor for non audit services		
Accountancy services	-	675
Other Services	-	-
	<b>19,000</b>	<b>22,275</b>

## 11 Trustees' and Key Management Personnel Remuneration and Expenses

	2019 £	2018 £
Trustee expenses	2,440	1,653
	<u>2,440</u>	<u>1,653</u>

No Trustees were remunerated or were accruing pension arrangements (2018: Nil). During the period, four trustees were reimbursed £2,440 (2018: £1,653) for expenses relating to travel costs.

The Charity considers its key management personnel comprise of:

- The Trustees
- Chief Executive Officer
- Chief Operating Officer
- Commercial Director
- Director of Policy & External Relations
- Human Resources Director
- National Delivery Director

As noted above no trustees were remunerated during the year. The total amount of employee benefits received by key management personnel (Salary, Employer NI, Employers Pension, Benefit in Kind etc.) was £985,754 (2018: £856,008).

## 12 Staff Costs and Employee Benefits

The average number and full time equivalent (FTE) staff numbers during the year are as follows:

	2019 Number	2019 FTE	2018 Number	2018 FTE
Directors	6	6	6	6
Operations	237	235	199	197
Support	122	119	100	97
JT Limited	7	7	7	7
	<u>372</u>	<u>367</u>	<u>312</u>	<u>307</u>

The total staff costs and employee benefits were as follows:

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Wages and salaries	11,553,991	9,865,025
Social security	1,259,814	1,173,263
Defined contribution pension costs	1,563,195	1,353,259
Other staff costs	1,114,976	865,926
	<b>15,491,976</b>	<b>13,257,473</b>

The charity operates a defined contribution pension plan for its employees. The amount recognised as an expense in the period was £1,563,195 (2018 - £1,353,259).

The number of employees who received total emoluments (excluding employer pension costs) of more than £60,000 is as follows:

	<b>2019</b>	<b>2018</b>
	<b>Number</b>	<b>Number</b>
£60,001 - £70,000	3	1
£70,001 - £80,000	2	0
£80,001 - £90,000	0	2
£90,001 - £100,000	0	0
£100,001 - £110,000	3	1
£110,001 - £120,000	0	0
£120,001 - £130,000	0	1
£130,001 - £140,000	0	0
£140,001 - £150,000	1	0
£150,001 - £160,000	1	1
	<b>10</b>	<b>6</b>

### 13 Tangible Fixed Assets

Group	Freehold property	Motor vehicles	Fixtures & Fittings	Computer Equip-ment	Software/ IT consul-tancy	Total
	£	£	£	£	£	£
<b>Cost or valuation:</b>						
At 1 <sup>st</sup> August 2018	2,243,124	45,000	2,727,770	615,752	191,219	5,822,865
Additions	151,132	48,600	1,127,697	129,566	8,756	1,465,750
Disposals	-	(45,000)	(33,045)			(78,045)
At 31 <sup>st</sup> July 2019	<b>2,394,256</b>	<b>48,600</b>	<b>3,822,422</b>	<b>745,318</b>	<b>199,975</b>	<b>7,210,570</b>

#### Depreciation

At 1 <sup>st</sup> August 2018	936,142	45,000	1,706,075	542,172	82,770	3,312,159
Charge for the year	76,860	13,500	391,147	18,253	49,264	549,024
Eliminated on disposals		(45,000)	(16,052)			(61,052)
At 31 <sup>st</sup> July 2019	<b>1,013,002</b>	<b>13,500</b>	<b>2,081,170</b>	<b>560,425</b>	<b>132,034</b>	<b>3,800,131</b>

#### Net book value

At 31 <sup>st</sup> July 2019	<b>1,381,254</b>	<b>35,100</b>	<b>1,741,252</b>	<b>184,893</b>	<b>67,941</b>	<b>3,410,439</b>
At 31 <sup>st</sup> July 2018	1,306,982	-	1,021,695	73,580	108,449	2,510,705

Charity Cost	Property	Vehicles	Fittings	Equip-ment	Consul-tancy	Total
	£	£	£	£	£	£
<b>Cost or valuation:</b>						
At 1 <sup>st</sup> August 2018	2,243,124	45,000	2,727,770	606,400	179,904	5,802,198
Additions	151,132	48,600	1,127,697	117,701	8,756	1,453,889
Disposals	-	(45,000)	(33,045)	-	-	(78,045)
At 31 <sup>st</sup> July 2019	<b>2,394,256</b>	<b>48,600</b>	<b>3,822,422</b>	<b>724,101</b>	<b>188,660</b>	<b>7,178,042</b>

#### Depreciation

At 1 <sup>st</sup> August 2018	936,142	45,000	1,706,075	536,141	80,730	3,304,086
Charge for the year	76,860	13,500	391,147	15,862	46,435	543,806
Eliminated on disposals		(45,000)	(16,052)	-	-	(61,052)
At 31 <sup>st</sup> July 2019	<b>1,013,002</b>	<b>13,500</b>	<b>2,081,170</b>	<b>552,003</b>	<b>127,165</b>	<b>3,786,840</b>

#### Net book value

At 31 <sup>st</sup> July 2019	1,381,254	35,100	1,741,253	172,098	61,495	3,391,202
At 31 <sup>st</sup> July 2018	1,306,982	-	1,021,695	70,260	99,174	2,498,113



The net book value of land and buildings for both the Charity and the Group comprised:

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Land and Buildings:		
Freehold land	372,000	372,000
Freehold buildings	1,009,254	934,983
	<b>1,381,254</b>	<b>1,306,983</b>

Note: A leasehold of building was acquired in Carlisle with a life of 53 years which is being depreciated over 25 years.

#### **14 Fixed Asset Investments**

	<b>Listed Investments</b>	<b>Total</b>
	<b>£</b>	<b>£</b>
<b>Group</b>		
<b>Cost or valuation</b>		
At 1 <sup>st</sup> August 2018	32,200,295	32,200,297
Additions	4,182,070	4,182,070
Disposals	(20,544,920)	(20,544,920)
Unrealised/Realised gain	1,130,023	1,130,023
Movement in cash held by investment managers	16,975,427	16,975,427
At 31 <sup>st</sup> July 2019	<b>33,942,895</b>	<b>33,942,897</b>

Investments at fair value comprise:

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Equities	11,574,123	20,947,471
Securities	5,119,713	10,638,799
Cash within investment portfolio	17,249,057	614,025
	<b>33,942,893</b>	<b>32,200,295</b>

The fair value of listed investments is determined by reference to the bid (sale) price at close of business on the date of the valuation or fair value if the market value is unavailable.

	<b>Listed Investments</b>	<b>Investment in Subsidiary</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>Charity</b>			
<b>Cost or valuation</b>			
At 1 <sup>st</sup> August 2018	32,200,295	2	32,200,297
Additions	4,182,068	-	4,182,068
Disposals	(20,544,920)	-	(20,544,920)
Unrealised/Realised gain/(loss)	1,130,021	-	1,130,021
Movement in cash held by investment managers	16,975,428	-	16,975,428
At 31 <sup>st</sup> July 2019	<b>33,942,893</b>	<b>2</b>	<b>33,942,895</b>

The charity owns 100% of the share capital of JT Limited, a UK trading company registered under company number: 02336110 following a revision to FRS102, the gift aid payment to JTL has not been accrued at the year end. A summary of the company's financial results and position as at 31<sup>st</sup> July 2019 can be found below.

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Turnover	1,435,424	1,357,339
Expenditure	(842,756)	(807,105)
Gift aid payment to parent	(550,234)	-
Profit for the year	<b>42,434</b>	<b>550,234</b>
Total funds carried forward	<b>592,670</b>	<b>550,236</b>

## 15 Debtors

	2019 £ Group	2018 £ Group	2019 £ Charity	2018 £ Charity
Trade debtors	5,863,397	4,766,030	5,563,372	4,481,801
Amounts owed by group undertakings	-	-	435,051	170,502
Other debtors	465,591	156,643	514,520	156,643
Prepayments and accrued income	527,684	383,674	512,727	349,905
	<b>6,856,672</b>	<b>5,306,347</b>	<b>7,025,670</b>	<b>5,158,851</b>

As at the year end, JTL was owed £435,051 (2018 £170,502) from JT Limited. No interest was charged for the year.

## 16 Creditors: Amounts Falling Due within One Year

	2019 £ Group	2018 £ Group	2019 £ Charity	2018 £ Charity
Trade creditors	2,157,311	2,108,571	2,135,613	2,092,203
Other tax and social security	352,450	298,939	338,597	280,311
Accruals and deferred income	5,074,096	5,517,598	4,921,763	5,288,999
	<b>7,583,857</b>	<b>7,925,108</b>	<b>7,395,973</b>	<b>7,661,513</b>

## 17 Operating Leases

Total future minimum lease payments under non-cancellable operating leases are as follows:

	2019 £ Land and Buildings	2018 £ Land and Buildings	2019 £ Other	2018 £ Other
Not later than one year	316,933	127,800	228,632	224,717
Later than one and not later than five years	303,844	167,991	161,218	226,290
Later than five years	0	201,401	-	-
	<b>620,777</b>	<b>497,192</b>	<b>389,850</b>	<b>451,007</b>

**18 Reconciliation of Net Income/(Expenditure) to Net Cash Flow from Operating Activities**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Net income for the year	3,507,986	3,424,094
Return on investments	(820,605)	(686,942)
Depreciation and impairment of tangible fixed assets	549,024	914,917
Amortisation and impairment of intangible fixed assets	-	-
(Profit)/ loss on disposal of tangible fixed assets	(2,457)	-
Unrealised gains on investments	(1,130,021)	(1,423,218)
(Increase)/decrease in debtors	(459,672)	(775,565)
Increase/(decrease) in creditors	(1,431,903)	2,468,686
Net cash flow from operating activities	<b>212,352</b>	<b>3,921,972</b>

**19 Related party transactions**

JTL had the following transactions and year end balances with The Electrical Contractors' Association Limited ("ECA") and Unite the Union, both of which are members of the charitable company. JTL also had the following transactions and year end balances with the Joint Industry Board for the Electrical Contracting Industry ("JIB") which has as its constituent parties the ECA and Unite the Union.

Information about related party transactions and outstanding balances is set out below:

	<b>Income</b>	<b>Expenditure</b>	<b>Outstanding Balances</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Unite the Union is a member of the charitable company			
At year ending 31 <sup>st</sup> July 2019	-	1,103	-
At year ending 31 <sup>st</sup> July 2018	-	1,230	-
Electrical Contractors' Association is a member of the charitable company			
At year ending 31 <sup>st</sup> July 2019	-	26,376	(200)
At year ending 31 <sup>st</sup> July 2018	-	241,338	(1,755)
Joint Industry Board has its constituent parties with ECA and Unite			
At year ending 31 <sup>st</sup> July 2019	-	179,114	(1,064)
At year ending 31 <sup>st</sup> July 2018	-	161,025	2,356



Amounts payable to Unite relate to the provision of room hire. Amounts payable to ECA includes the BUPA annual membership, plus additional services. Amounts payable to JIB relate to Electrotechnical and Plumbing Apprentice registration fees and Health & Safety Assessment fees.

## **20 Post Balance Sheet Events**

- Develop Training Limited, one of the UK's leading accredited providers of compliance, technical, and safety training was acquired by JTL in September 2019.
- JTL acquired the freehold of a light industrial unit in Sandiacre, Nottingham. In line with strategic aims, refurbishment work is underway to convert the building into a training centre and add to the JTL training centres already in operation across the country.