

Company number: 2050044  
Charity Commission number: 295192  
OSCR number: SC049476

# Vocational Training Charitable Trust

Report and financial statements  
for the year ended 31 July 2020

# Vocational Training Charitable Trust

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### For the year ended 31 July 2020

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## Vocational Training Charitable Trust

### Reference and administrative information

For the year ended 31 July 2020

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Company number 2050044  
Country of incorporation United Kingdom

Charity number 295192  
Country of registration England & Wales

Charity number SC049476  
Country of registration Scotland

Registered office  
and operational address Aspire House  
Annealing Close  
Eastleigh  
Hampshire  
SO50 9PX

**Trustees** Trustees, who are also directors under company law, who served during the year and up to the date of this report were as follows:

Dr Chris Laws	Chair (Appointment extended by special resolution 13/7/20)
Jenny Swarder	Vice Chair (from 30 July 2020)
Julian Glicher	Vice Chair (to 30 July 2020)
Stephanie Barnett	
Stephen Dennison	
Barbara Mitchell	
Laraine Morris	(Resigned 10 September 2019)
Isabel Sutcliffe	
Stephanie Richardson	
Jayne Lewis-Orr	
Meri Huws	

<b>Key management personnel</b>	Alan Woods OBE	Chief Executive
	Ashley Barnes	Deputy Chief Executive
	Daniel Underwood	Chief Financial Officer (resigned 31/03/2020)
	Janet Field	Finance Director (appointed 16/03/2020)
	Marcus Bull	Chief Commercial Officer
	Carina Fagan	Chief Academic Officer

**Bankers** NatWest Bank Plc  
34 Southampton Road  
Eastleigh  
Hampshire  
SO50 9XN

## Vocational Training Charitable Trust

### Reference and administrative information

For the year ended 31 July 2020

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<b>Solicitors</b>	Blake Morgan LLP New Kings Court Tollgate Chandler's Ford Eastleigh SO53 3LG
<b>Auditor</b>	Sayer Vincent LLP Chartered Accountants and Statutory Auditor Invicta House 108-114 Golden Lane LONDON EC1Y 0TL
<b>Investment Manager</b>	Smith & Williamson Investment Management Limited 25 Moorgate London EC2R 6AY
<b>Business and financial advisors</b>	Grant Thornton UK LLP No 1 Dorset Street Southampton Hampshire SO15 2DP

## Trustees' annual report

### For the year ended 31 July 2020

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The trustees present their report and the audited financial statements for the year ended 31 July 2020.

This last year (2019/20) was a challenging year for Vocational Training Charitable Trust (VTCT) with the COVID-19 pandemic having a significant impact on performance, across all markets from March 2020 onwards. Despite the challenges brought by the coronavirus and the introduction of the Extraordinary Regulatory Framework of our principal educational regulator, Ofqual, we continued to operate supremely well to deliver our Charitable purpose with a reduced staff capacity. Our continuing ability to provide support and services to all customers was only made possible by our talented, motivated and dedicated workforce. The trustees would like to thank the senior leadership team of VTCT, VTCT staff and other colleagues who support the organisation, as well as all centre staff for their continued support, professionalism and commitment in what has been an unprecedented year. The support that VTCT has been able to give to beneficiaries has only been possible because of the dedication and hard work of everyone involved. We very much look forward to next year and the implementation of the new corporate strategy 'Strategy 2020' developed during the pandemic, whereby the organisation will continue to provide learners and their educational institutions an outstanding experience through the delivery of our core activities of awarding, assessment, accreditation, research and digital education.

Reference and administrative information set out on pages 1 and 2 form part of this report. The financial statements comply with current statutory requirements, the articles of association and the Statement of Recommended Practice – Accounting and Reporting by Charities: SORP applicable to charities preparing their accounts in accordance with FRS 102.

## Objectives and activities

### Purposes and aims

VTCT is the UK's market leading specialist vocational and technical qualification Awarding Organisation for Hair & Beauty but has a growing presence in other sectors, including Sport, Active Health & Fitness and Learning & Development.

The charity's objects, being for the public benefit, are the advancement of education by:

- a. assessment of education and skills for accreditation
- b. setting standards of education and skills as an awarding and assessment organisation
- c. the promotion of skills and knowledge for vocational and technical employment
- d. advancing digital research and other educational techniques

The strategies employed to achieve the charity's aims and objectives are to:

- 1) enhance the futures of more learners in England by supporting Technical Education Reforms (Skills Plan development of T-Levels)

## Trustees' annual report

For the year ended 31 July 2020

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- 2) extend our global learner reach through focused and specific product and commercial strategies to generate increased numbers of learners in priority countries
- 3) enhance the futures of more UK learners outside of the Skills Plan (the Further Education (FE) Market) by tailoring value-added propositions for specific customer types
- 4) provide a best-in-class Apprenticeship End Point Assessment Organisation service to assess apprentices' competence at the end of their apprenticeship in hairdressing and beauty therapy
- 5) be an employer of choice and valued place to work recognised by independent certification and accreditation, showing how we value our employees.

The trustees review the aims, objectives and activities of the charity each year. This report looks at what the charity has achieved and the outcomes of its work in the reporting period. The trustees report the success of each key activity and the benefits the charity has brought to those groups of people that it is set up to help. The review also helps the trustees ensure the charity's aims, objectives and activities remained focused on its stated purposes.

The trustees have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the charity's aims and objectives and in planning its future activities. In particular, the trustees consider how planned activities will contribute to the aims and objectives that have been set.

## Strategic report

### Achievements and performance

The charity's main activities and whom it seeks to support are described below. All its charitable activities focus on providing learners with the skills and qualifications necessary to obtain employment or to become self-employed; or to enable learners to add to their skills and knowledge, thereby improving their career prospects or progression to a higher level of education. All charitable activities are undertaken to further VTCT's purpose of advancing education for public benefit.

The trustees consider a variety of key performance indicators and targets when considering how the organisation has performed, including the number of new learners and newly approved and active centres. In 2019/20 learner registration numbers fell to 92,239 (2019: 111,014). This reflects the volatility caused by the coronavirus pandemic during the period March to July 2020. VTCT continues to be the lead market share holder of the hair and beauty awarding market, increasing to 54.4% in 2019 (2018: 53.9%).

The trustees review the ongoing regulatory status of VTCT with qualification regulators and compliance against regulatory Conditions and Principles. VTCT is audited by Ofqual and other regulators and self-assesses against Ofqual's "General Conditions of Recognition", the Ofqual Extraordinary Regulatory Framework (ERF) and the associated Extended Extraordinary Regulatory Framework (EERF) and other principles from other UK regulators. The trustees consider the

various regulators' audit findings as positive and demonstrate the ongoing success and compliance of VTCT.

The 2019/20 academic year was impacted by major disruption to the awarding of qualifications for completing learners. VTCT was supported by Ofqual and other regulators during this period in the implementation of a range of risk mitigation strategies to ensure the reliable, accurate and timely award of qualification results to enable learners to progress to the next stage of their learning journey. These strategies included the issuance of calculated or estimated grades which led to the award of qualifications, as well as several adaptations to assessments and qualifications. These mitigations and adaptations were permitted under the ERF published by Ofqual and approved by CCEA Regulation, Scottish Qualifications Authority and Qualifications Wales. Despite these challenges, results and certificates were issued within our prescribed service level agreements. VTCT has also provided ongoing support to centres with a plan for weekly webinars to support the adaptations under the EERF.

In developing, shaping and guiding the extraordinary national examination and regulatory measures and recommendations made to the Secretary of State for Education during the COVID-19 pandemic, Ofqual created key expert advisory groups. Specifically, for oversight of the regulation and delivery of vocational and technical qualifications, including the design of the extraordinary regulatory frameworks, Ofqual set up a UK VTQ Oversight Board. The VTQ Oversight Board consists of senior colleagues from Ofqual and regulators in Wales, Northern Ireland and Scotland, the Department for Education, the Federation of Awarding Bodies (FAB), Joint Council for Qualifications and a small selection of awarding organisations. The appointment of VTCT to the VTQ Oversight Board, as one of the select few awarding organisations, as well as the appointment of VTCT's CEO as Co-Chair of FAB, the representative body for the entire awarding sector; is testament to the esteem in which VTCT is held within the UK's regulated assessment and awarding community.

The End Point Assessment activity continued to grow during the year and given the success of VTCT as an End Point Assessment Organisation (EPAO), VTCT continues to seek additional approvals from the Education and Skills Funding Agency to offer EPA services for additional standards. These additional apprenticeship standards, including those in Hairdressing, will allow VTCT to support and assess apprentices to develop a repertoire of skills to enable them to gain valuable employment.

Technical education reforms continue in England, and in particular the awarding of exclusive sector licences to deliver T-Level qualifications in Further Education. VTCT continues to monitor policy in this area, especially for the Wave 4 T-Levels. To aid us in this area, we continue to grow our market share of Technical Level and Technical Certificate qualifications, which are precursors to the change envisaged by T-Levels.

VTCT continued its focus on the continual improvement of the quality of its provision and is pleased to report it achieved ISO27001 Information Security certification in November 2019 and retained the Cyber Security Essentials Plus certification in May 2020. These certifications will help

### Trustees' annual report

For the year ended 31 July 2020

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VTCT maintain the high quality of its provision whilst safeguarding the charity's information assets. Over the next year, VTCT is planning a major upgrade of its CRM platform, in addition to streamlining and, where possible automating, many of the business processes concerned with customer on-boarding and retention.

During the year VTCT launched its first regulated Level 7 qualification within the medical aesthetics sector, the Level 7 Diploma in Clinical Aesthetic Injectable Treatments. This post-graduate qualification targets health and medical professionals in the UK initially, with plans for expansion into international markets from 2021. VTCT has established a European-wide Examination Panel of medical experts in this field to support the delivery of these new qualifications.

During the year VTCT also launched the VTCT Grants & Bursaries programme which awards up to £5,000 per College/School/Private Training provider. These funds will support learners between the ages of 16–25 who are undertaking a VTCT qualification. The programme is intended to assist and support disadvantaged and deserving individuals to access further education through a college or private training school.

VTCT now has staff working across the globe in both business development and quality assurance roles in Australia, Africa, South-East Asia and Hong Kong, and continues to support its centres in South Africa through its office and staff in Johannesburg. The new office in Ireland services not only Irish centres who deliver our qualifications, but also acts as our European hub.

VTCT remained active in Scotland delivering qualifications to 1,823 learners across 24 approved centres. SQA Accreditation issued an updated accreditation license for VTCT in 2020, which approved 28 qualifications for ongoing delivery.

VTCT continues to enhance the quality of its data, enabling better decision making and tailored marketing campaigns, focusing specifically on customer needs and benefits sought.

The VTCT Skills Advisory Board (SAB) is a VTCT sponsored advisory panel that brings together the very best industry leaders and employers with our sector awarding teams. The SAB helps VTCT to better understand the current and future skills needs, in order to shape the review and design of our qualifications. This direct industry expert advice enables VTCT to ensure that our vocational and technical qualifications align with current employment opportunities and employer needs. The SAB serves to maximise VTCT's direct engagement with employers to influence stakeholders and to ensure that feedback from employers on the core indicators of skills, knowledge and professional behaviours are sufficiently represented and reflected in the design and delivery of VTCT assessments, as well as policy direction. The VTCT SAB strengthens the partnership that VTCT has directly with employers, as the market leading awarding and assessment organisation in the sector.



## Beneficiaries of our services

We consider the beneficiaries of our services to be the learners undertaking study or apprenticeships with our approved training providers, which includes Further Education Colleges and Private Training Providers (PTPs). We measure the benefit provided through both the number of learners on active programmes and the number achieving a regulated qualification. During the year, 44,489 (2019: 69,668) learners were awarded with a regulated VTCT qualification and 13,055 (2019: 22,821) learners were awarded a regulated iTEC qualification.

## Financial review

The trustees are satisfied with the outturn for the financial year given the difficult circumstances faced in the period under review. While a deficit of £2.755m (2019: deficit £678k) is reported, this is after accounting for the amortisation of historic acquisitions (£951k annual and £762k additional impairment) and is not wholly reflective of the operational position of the Charity. The total reserves of the Group are £14.7m, (2019: £17.4m) with free reserves within the range specified within the Charity's reserves policy.

Total income ran broadly in line with budget for the first eight months of the year but from April 2020 this fell dramatically by c.50% per month against budget due to the pandemic and subsequent centre lockdowns. In response to the pandemic and to ensure financial sustainability, operations were streamlined to those producing revenue and the key objective was to protect learners enabling them to complete their qualifications. This meant all activities and developments not directly associated with these core activities were put on hold.

Qualification and Assessment income for the year was down by 18.6% to £7.411m. Apprenticeship End Point Assessment income increased, despite the effects of the pandemic, to £269k, which was an 81% increase on previous year. Total Qualification and Assessment income of £7.895m (2019: £9.349m) was 21% down on budget and the trustees consider this is a satisfactory result given the circumstances.

Income from investments fell by 20% to £189k and losses were suffered on the investment portfolio. Investment funds are held under discretionary management with a total return mandate, as detailed below.

Operational expenditure fell by 13% to £8.291m (2019: £9.504m). In line with the fall in income, total operational expenditure was 16% down on budget with project and marketing expenditure put on hold from March. A number of staff were put on furlough during this period and claims were made under the government's Coronavirus Job Retention Scheme. The fall in business activity has also sadly resulted in a number of redundancies, which has reduced staff costs.

The investment portfolio suffered losses, common across the financial markets with net losses in the year of £488k. The trustees highlight that the expenditure during the year includes amortisation for the historic acquisition of iTEC, which was a non-cash transaction. Net cash

### Trustees' annual report

#### For the year ended 31 July 2020

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provided by operating activities was £281k (2019: (£17k)) and the net cash increase after investing activities in the year was £339k (2019: (£103k)) with a closing cash balance of £1.7m.

Despite a very challenging year VTCT remains in a strong position with continued investment in the charity to improve the quality and range of education provision and benefit to learners.

### Investment Policy and Objectives

VTCT operates a total return approach to its investment portfolios. Under the Articles of Association, the Charity has the power to invest monies not immediately required for the furtherance of its objects in or upon such investments as may be thought fit. The trustees delegate the investment management to external investment managers (Smith & Williamson Investment Management), whose performance is monitored by the Board of Trustees and the Investment Committee of the Board.

Portfolio performance is measured against the performance of the WMA Balanced (TR) Index (formally APCIMS) and the FTSE 100. The target return set for the investment portfolio was a total return of CPI + 1.5%. Year on year CPI at July 2020 was 1% leading to a total return target of 2.5% for the year. Due to the extraordinary circumstances caused by the coronavirus, performance was significantly down with a negative return of -3.2% over the year.

The investments held in the COIF Property Fund were liquidated and funds transferred to the SWIM portfolio. A small balance remains and will be transferred in the next financial year.

Following a review last year of the investment portfolio and the charity's approach to asset risk, the trustees have amended the mandate for the SWIM investment portfolio from a Balanced Approach to a Conservative Approach. The trustees anticipate that this will reduce the level of volatility exposure within the portfolio by a reduced investment in equities.

### Principal risks and uncertainties

VTCT will continue to respond to the government's programme of education and skills agenda, specifically, technical and professional education reform. In parallel, VTCT will continue to support centres throughout this unprecedented and uncertain period given the impact of the coronavirus pandemic.

#### T (Technical) Levels

This next year 2020/21 will see the Institute for Apprenticeships and Technical Education (IfATE) award the contract for the Technical Qualification that forms part of the T Level in Hairdressing, Beauty Therapy and Aesthetics. As the lead AO and market share holder of the UK qualifications market in hairdressing and beauty therapy, this is a principal risk to VTCT. The public sector, in particular Further Education colleges, contribute significantly to VTCT's overall income and it is vital that this revenue stream is maintained for the foreseeable future. There is a risk that VTCT

may not be successful in the T-Level license tender, and this would have a material adverse impact on VTCT's business activity.

VTCT continues to mitigate this risk by keeping abreast of contract requirements and characteristics and by strengthening its position by developing existing relationships with a range of key stakeholders and partners. Further, VTCT has achieved a number of external quality accreditations, including ISO9001 and ISO27001 and Cyber Essentials Plus, as well as others.

Whilst the Further Education sector is a significant contributor to VTCT's income, the UK and global private segments are also important markets for VTCT and will continue to be supported with a strong focus on customer service, with specific market segments targeted to contribute to overall growth.

### Coronavirus pandemic

This coronavirus continues to challenge the global economy on an unprecedented scale. More specifically, the impact and disruption on the education and skills sector has been significant, with an overall reduction in the demand for qualifications. Schools and colleges in general, have resumed, albeit with social distancing measures in place, with most programmes being delivered remotely or by blended learning. Providers have been forced to change their delivery models at speed, deploying digital solutions to ensure learners can continue with their studies.

The long-term impact of the Coronavirus pandemic on VTCT's business is uncertain at this stage, and so it is not possible to quantify the attendant risk. However, VTCT continues to maintain sufficient resources to support and protect learners, it also has sufficient reserves and liquidity in excess of what might be required to manage this risk.

VTCT has established a Crisis Management Committee which meets frequently to ensure business continuity and to provide active help and guidance to centres. VTCT has also worked closely with sector and Government agencies to manage education provision during the pandemic, and has adapted its processes accordingly.

VTCT has developed a range of digital products and platforms to support its customers through this challenging period. However, given the technical nature of many personal services qualifications, where human contact is a necessity, face-to-face assessments remain a formal requirement.

VTCT continue to monitor changes in Government policy and spending as many VTCT centres draw funding from public funds and there is a risk that change in policy could have an adverse effect on income.

## Reserves policy and going concern

On 31 July 2020 the Charity and the Group had reserves totalling £15.2m (2019: £18.0m) and £14.7m (2019: £17.4m), respectively. Free reserves for the Charity and the Group totalled £11.0m (2019: £11.7m) and £10.6m (2019: £11.3m), respectively. Reserves of £13k were held in restricted funds. The trustees consider the level of reserves to be appropriate to support the ongoing activities of the Charity.

The VTCT Reserves Policy targets a free reserves range of £9.1m to £16.6m. The reserves range is calculated to enable the charity to mitigate the financial impact of a significant disruption to charitable activities and to allow the trustees to ensure funds are available for current commitments and obligations. The trustees are pleased to report that the reserves level continues to sit within the ranges set out in the policy.

Furthermore, the trustees acknowledge that VTCT has an indirect reliance on public funding as Further Education colleges and private training providers are funded by government and associated bodies. VTCT's income is thus partially reliant on this funding, which exposes the charity to government policy changes and any government spending changes. Ensuring reserves are maintained in line with the reserves policy enables VTCT to continue to diversify its income sources through increasing private training provision and international centres, both through organic growth as well as through partnership / joint venturing and acquisition.

Income generated from investments enables the charity to continue to invest in qualification development and customer excellence and to pursue the strategic objectives approved by the trustees.

## Plans for the future

Despite the impact of the coronavirus, this is an exciting time for VTCT. VTCT has developed a new corporate strategy "Strategy 2020" and will implement this during this current financial year. Over the course of the next year VTCT will continue to support centres to recover from the impact of the coronavirus. In parallel, the company is working in partnership with a range of stakeholders to develop a range of new products and services while building stronger relationships as the business focusses on providing a best in class customer service; listening, supporting and responding to customer needs and demands.

Specifically, VTCT will work towards the following aims:

*Coronavirus recovery and targeted growth* – Inform, prepare and support training providers to deliver qualifications and assessments safely, while targeting new customers.

*Co-creation in Developing new products and services* – Produce new products and services with partners, diversifying the current portfolio and service offer.

*Targeting of qualifications* – Repurpose and repackage existing qualifications, targeting the changing needs of specific public and private sector markets.

*Explore future opportunities* – Evaluate a range of strategic options to secure the future of the business.

## Structure, governance and management

The charity is committed to a continuous programme of governance review and improvement. The trustee board has reviewed the Charity Governance Code for Large Charities and how it applies to VTCT. The trustees have formally adopted the Code and, for each of the seven principles, to apply the Code and ensure that VTCT policies are updated to reflect current practice.

VTCT is a company limited by guarantee, incorporated in 1986 under the Companies Act 1985, and registered under the Charities Act 2011 on 30 September 1986.

VTCT registered with the Office of the Scottish Charity Regulator, on 25 July 2019.

The company's Articles of Association were updated on 29 Nov 2018

All trustees give their time voluntarily and receive no benefits from the charity. Any expenses reclaimed from the charity are set out in note 6 to the accounts.

## Appointment of trustees

The number of trustees is not limited by the charity's Articles of Association. However, the level of reform taking place in the educational sector together with the growing complexity of VTCT as an organisation means the trustees consider the optimum number of trustees to be up to fifteen, to reflect the skill sets required by trustees based on an annual skills assessment of the Board.

In line with good practice the charity will continue to seek and appoint trustees with appropriate skills for strong governance. New trustees are sought by advertising and by more informed methods of search; promising candidates are interviewed by trustees and briefed by senior staff.

## Trustee induction and training

New trustees undergo an orientation day to brief them on their obligations under charity and company law, the content of the Articles of Association, the committee structure and decision making process, the operational strategy, current issues and recent financial performance of the charity. During the induction day they meet key employees and other trustees. Trustees attend board workshops and appropriate external training events where these will facilitate the undertaking of their role. Examples of these include investment management and governance.

## Related parties and relationships with other organisations

VTCT has five wholly owned subsidiaries being:

- 1) Action for Lifelong Learning Ltd (Dormant)
- 2) Vocational Awards International Ltd (Dormant)
- 3) Digital Assess Software Ltd, trading as Digital Assess (Dormant)
- 4) Education & Media Services Ltd (Active), trading as iTEC
- 5) Guild Of Hair, Beauty And Wellbeing Professionals Ltd (Dormant)

During the year the Charity engaged with Pure HR, a company owned by Trustee Stephanie Barnett, to provide HR consultancy. The Charity has paid £4,291 (2019: Nil) for the HR consultancy service.

The share capital of Education & Media Services Ltd was acquired on 8 November 2016. Any transactions and management charges between Vocational Training Charitable Trust and Education & Media Services Ltd are supported by a Shared Services Agreement and are on an arm's length basis.

## Remuneration policy for key management personnel

Key management personnel are remunerated based on an assessment of market rates applicable for the role. Salary benchmarking is undertaken using the Korn Ferry Hay salary data sets and all key staff have had their roles independently reviewed by Korn Ferry Hay and are remunerated within the banded scales.

## Fundraising compliance

Under the fundraising reporting requirements for The Charities (Protection and Social Investment) Act 2016 the Charity confirms that it does not engage in public fundraising and does not use professional fundraisers or commercial participators. The Charity has not received any complaints relating to the Act during the year.

## Statement of responsibilities of the trustees

The trustees (who are also directors of Vocational Training Charitable Trust for the purposes of company law) are responsible for preparing the trustees' annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

### Trustees' annual report

For the year ended 31 July 2020

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Company law requires the trustees to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the charitable company and group and of the incoming resources and application of resources, including the income and expenditure, of the charitable company or 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 SORP
- Make judgements and estimates that are reasonable and prudent
- State whether applicable UK Accounting Standards and statements of recommended practice have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity 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 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 group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

- There is no relevant audit information of which the charitable company's auditor is unaware
- The trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

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.

Members of the charity guarantee to contribute an amount not exceeding £1 to the assets of the charity in the event of winding up. The total number of such guarantees at 31 July 2020 was 13 (2019: 12). The trustees are members of the charity but this entitles them only to voting rights. The trustees have no beneficial interest in the charity.

## Auditor

Sayer Vincent LLP was re-appointed as the charitable company's auditor during the year and has expressed its willingness to continue in that capacity.

The trustees' annual report has been approved by the trustees on 3 December 2020 and signed on their behalf by

Dr Chris Laws  
Chair



## Independent auditor's report

To the members of

Vocational Training Charitable Trust

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### Opinion

We have audited the financial statements of Vocational Training Charitable Trust (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 July 2020 which comprise the consolidated statement of financial activities, the group and parent charitable company balance sheets, the consolidated statement of cash flows and the 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 of the parent charitable company's affairs as at 31 July 2020 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
- Have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulation 2006 (as amended)

### Basis for opinion

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

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 the parent charitable

## Independent auditor's report

### To the members of

### Vocational Training Charitable Trust

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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 other information comprises the information included in the trustees' annual report, including the strategic report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. The other information comprises the information included in the trustees' annual report, including the strategic 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' annual report, including the strategic report, for the financial year for which the financial statements are prepared is consistent with the financial statements
- The trustees' annual report, including the strategic 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 group and the parent charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the trustees' annual report, including the strategic report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and Charities Accounts (Scotland) Regulations 2006 (as amended) require us to report to you if, in our opinion:

- Adequate 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

## Independent auditor's report

### To the members of

#### Vocational Training Charitable Trust

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- The parent charitable company financial statements are not in agreement with the accounting records and returns; or
- Certain disclosures of trustees' remuneration specified by law are not made; or
- We have not received all the information and explanations we require for our audit.

## Responsibilities of trustees

As explained more fully in the statement of responsibilities of the trustees set out in the trustees' annual report, the trustees (who are also the directors of the parent 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 the 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.

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

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with regulations made under those Acts.

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.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

## Independent auditor's report

To the members of

### Vocational Training Charitable Trust

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- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

## 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 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005. 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.

Helen Elliott (Senior statutory auditor)

3 December 2020

for and on behalf of Sayer Vincent LLP, Statutory Auditor  
Invicta House, 108–114 Golden Lane, LONDON, EC1Y 0TL

Sayer Vincent LLP is eligible to act as auditor in terms of section 1212 of the Companies Act 2006

# Vocational Training Charitable Trust

## Consolidated statement of financial activities (incorporating an income and expenditure account)

For the year ended 31 July 2020

	Note	Unrestricted £	Restricted £	2020 Total £	Unrestricted £	Restricted £	2019 Total £
<b>Income from:</b>							
Donations and grant Income	2	–	565,129	<b>565,129</b>	–	–	–
Charitable activities							
Qualification and assessment income and other educational income	3	7,895,250	–	<b>7,895,250</b>	9,348,835	–	9,348,835
Investments	4	188,601	–	<b>188,601</b>	237,085	–	237,085
Trading income		–	–	–	36,776	–	36,776
<b>Total income</b>		<b>8,083,851</b>	<b>565,129</b>	<b>8,648,980</b>	<b>9,622,696</b>	<b>–</b>	<b>9,622,696</b>
<b>Expenditure on:</b>							
Charitable activities							
Qualification and assessment costs	5	10,310,697	552,041	<b>10,862,738</b>	10,577,055	–	10,577,055
Investment managers' fees		52,978	–	<b>52,978</b>	50,715	–	50,715
<b>Total expenditure</b>		<b>10,363,675</b>	<b>552,041</b>	<b>10,915,716</b>	<b>10,627,770</b>	<b>–</b>	<b>10,627,770</b>
<b>Net expenditure before net gains on investments</b>	6	<b>(2,279,824)</b>	<b>13,088</b>	<b>(2,266,736)</b>	<b>(1,005,074)</b>	<b>–</b>	<b>(1,005,074)</b>
Net gains/(losses) on investments		(487,838)	–	<b>(487,838)</b>	326,693	–	326,693
<b>Net income for the year and net movement in funds</b>		<b>(2,767,662)</b>	<b>13,088</b>	<b>(2,754,574)</b>	<b>(678,381)</b>	<b>–</b>	<b>(678,381)</b>
<b>Reconciliation of funds:</b>							
Total funds brought forward		17,429,196	–	<b>17,429,196</b>	18,107,577	–	18,107,577
<b>Total funds carried forward</b>		<b>14,661,534</b>	<b>13,088</b>	<b>14,674,622</b>	<b>17,429,196</b>	<b>–</b>	<b>17,429,196</b>

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above. Movements in funds are disclosed in note 20 to the financial statements.

# Vocational Training Charitable Trust

## Balance sheets

Company no. 2050044

As at 31 July 2020

	Note	The group 2020 £	2019 £	The charity 2020 £	2019 £
<b>Fixed assets:</b>					
Tangible assets	11	2,658,367	2,798,918	2,653,397	2,791,184
Intangible assets including goodwill	12	965,688	2,916,468	563,102	835,774
Investments	13	9,316,398	9,813,144	9,316,398	9,813,144
Investment in subsidiaries	14	–	–	1,422,095	3,100,203
		<b>12,940,453</b>	<b>15,528,530</b>	<b>13,954,992</b>	<b>16,540,305</b>
<b>Current assets:</b>					
Debtors	16	781,581	1,459,233	763,139	1,371,045
Cash at bank and in hand		1,708,871	1,369,546	1,119,229	826,968
		<b>2,490,452</b>	<b>2,828,779</b>	<b>1,882,368</b>	<b>2,198,013</b>
<b>Liabilities:</b>					
Creditors: amounts falling due within one year	17	(756,283)	(928,113)	(630,652)	(741,530)
<b>Net current assets</b>		<b>1,734,169</b>	<b>1,900,666</b>	<b>1,251,716</b>	<b>1,456,483</b>
<b>Total net assets</b>		<b>14,674,622</b>	<b>17,429,196</b>	<b>15,206,708</b>	<b>17,996,788</b>
<b>Funds:</b>	19				
Restricted income funds		13,088	–	13,088	–
Unrestricted income funds:					
General funds		14,661,534	17,429,196	15,193,620	17,996,788
Total unrestricted funds		<b>14,661,534</b>	<b>17,429,196</b>	<b>15,193,620</b>	<b>17,996,788</b>
<b>Total funds</b>		<b>14,674,622</b>	<b>17,429,196</b>	<b>15,206,708</b>	<b>17,996,788</b>

Approved by the trustees on 3 December 2020 and signed on their behalf by

Dr Chris Laws  
Chairman

Vocational Training Charitable Trust

Consolidated statement of cash flows

For the year ended 31 July 2020

	Note	2020 £	£	2019 £	£
Cash flows from operating activities	21				
Net cash used provided by/(used by) operating activities			281,201		(16,990)
Cash flows from investing activities:					
Dividends and interest from investments		188,601		237,085	
Proceeds from the sale of fixed assets		1,673		2,716	
Purchase of fixed assets		(28,736)		(219,383)	
Purchase of intangible assets		(112,322)		(110,801)	
Proceeds from sale of investments		5,343,209		805,820	
Purchase of investments		(4,911,957)		(923,941)	
Change in cash in investment portfolio		(422,344)		122,066	
Net cash used in investing activities			58,124		(86,438)
Change in cash and cash equivalents in the year			339,325		(103,428)
Cash and cash equivalents at the beginning of the year			1,369,546		1,472,974
Cash and cash equivalents at the end of the year			1,708,871		1,369,546

**1 Accounting policies**

**a) Statutory information**

Vocational Training Charitable Trust is a charitable company limited by guarantee and is incorporated in the United Kingdom. The registered office and operational address is Aspire House, Annealing Close, Eastleigh, Hampshire, SO50 9PX.

**b) Basis of preparation**

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)– (Charities SORP FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy or note.

These financial statements consolidate the results of the charitable company and its wholly-owned subsidiary, Education & Media Services Ltd, on a line by line basis. Transactions and balances between the charitable company and its subsidiary have been eliminated from the consolidated financial statements. Balances between the companies are disclosed in the notes of the charitable company's balance sheet. A separate statement of financial activities, or income and expenditure account, for the charitable company itself is not presented because the charitable company has taken advantage of the exemptions afforded by section 408 of the Companies Act 2006.

**c) Public benefit entity**

The charitable company meets the definition of a public benefit entity under FRS 102.

**d) Going concern**

The trustees consider that despite the impact of COVID-19 on the Income there are no material uncertainties about the charitable company's ability to continue as a going concern. The Charity have addressed the anticipated reduced income in the next reporting period by restructuring and therefore reducing the operating costs.

The trustees do not consider that there are any sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

**e) Income**

Income is recognised when the group has entitlement to the funds, any performance conditions attached to the income have been met, it is probable that the income will be received and that the amount can be measured reliably.

Income received in advance of the provision of a specified service is deferred until the criteria for income recognition are

**f) Investment income**

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

Dividend income receivable from the charity's investment portfolio is recognised when declared.

**g) Fund accounting**

Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure which meets these criteria is charged to the fund.

Unrestricted funds are donations and other incoming resources received or generated for the charitable purposes.

**h) Expenditure and irrecoverable VAT**

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

- Expenditure on charitable activities includes the costs of qualifications and assessments undertaken to further the purposes of the charity and their associated support costs
- Investment managers' fees represent amounts charged to manage the charity's investment portfolio

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.



**1 Accounting policies (continued)**

**i) Allocation of support costs**

Resources expended are allocated to the particular activity where the cost relates directly to that activity. Support costs are re-allocated to each of the activities on the following basis:

- Qualification and assessment costs 100%

Governance costs are re-allocated to each of the activities on the following basis which is the ratio of expenditure between activities:

- Qualification and assessment costs 100%

Governance costs are the costs associated with the governance arrangements of the charity. These costs are associated with constitutional and statutory requirements and include any costs associated with the strategic management of the charity's activities.

**j) Intangible assets**

Intangible assets include trademarks acquired, goodwill arising from the acquisition of business and trade assets, and cost incurred in developing software to be used by the company.

Software development is amortised over four years on a straight-line basis.

Trademarks acquired are initially recognised at cost and are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to the statement of financial activities using the straight line method over 10 years. This is the shorter of their estimated useful lives and periods of contractual rights.

Goodwill represents the difference between the cost of acquisition of business trade and the fair value of the net assets. Goodwill is recognised separately as intangible assets and carried at cost less accumulated amortisation. Goodwill is amortised over five years on a straight-line basis.

**j) Tangible fixed assets**

Items of equipment are capitalised where the purchase price exceeds £500. Depreciation costs are allocated to activities on the basis of the use of the related assets in those activities. Assets are reviewed for impairment if circumstances indicate their carrying value may exceed their net realisable value and value in use.

Where fixed assets have been revalued, any excess between the revalued amount and the historic cost of the asset will be shown as a revaluation reserve in the balance sheet.

Depreciation is provided at rates calculated to write down the cost of each asset to its estimated residual value over its expected useful life. The depreciation rates in use are as follows:

- Freehold Land Not depreciated
- Buildings 2% straight line
- Property Improvements 5% straight line
- Fixtures 20% straight line
- Computer equipment and software 25% straight line

**k) Listed investments**

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. Any change in fair value will be recognised in the statement of financial activities and any excess of fair value over the historic cost of the investments will be included within general funds in the balance sheet. Investment gains and losses, whether realised or unrealised, are combined and shown in the heading "Net gains/(losses) on investments" in the statement of financial activities. The charity does not acquire put options, derivatives or other complex financial instruments.

**l) Investments in subsidiaries**

Investments in subsidiaries are at cost.

**m) Debtors**

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

**n) Cash at bank and in hand**

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

**1 Accounting policies (continued)**

**o) Creditors and provisions**

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

**p) Financial instruments**

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

**q) Pensions**

The charity operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the charity in an independently administered fund. The pension cost charge represents contributions payable under the scheme by the charity to the fund. The charity has no liability under the scheme other than for the payment of those contributions.

**2 Income from donations and grant income**

	Unrestricted £	Restricted £	2020 Total £	Unrestricted £	Restricted £	2019 Total £
Qualification Wales grant income	–	52,354	<b>52,354</b>	–	–	–
Government grant income CJRS* (Coronavirus Job Retention Scheme)	–	512,775	<b>512,775</b>	–	–	–
	–	565,129	<b>565,129</b>	–	–	–

**3 Income from charitable activities**

	Unrestricted £	Restricted £	2020 Total £	Unrestricted £	Restricted £	2019 Total £
Qualification and assessment income and other educational income	7,895,250	–	<b>7,895,250</b>	9,348,835	–	9,348,835
	7,895,250	–	<b>7,895,250</b>	9,348,835	–	9,348,835

**4 Income from investments**

	2020 Total £	2019 Total £
Smith & Williamson Investment Management	<b>164,161</b>	190,717
CCLA – COIF Property Fund	<b>24,440</b>	46,368
	<b>188,601</b>	237,085

Vocational Training Charitable Trust

Notes to the financial statements

For the year ended 31 July 2020

5a Analysis of expenditure (Current year)

	Charitable activities				
	Qualification and assessment costs	Support Costs	Governance Costs	2020 Total	2019 Total
	£	£	£	£	£
Staff costs (Note 7)	2,862,673	1,892,275	97,040	4,851,988	4,696,002
Verifier, examination fees & expenses	1,203,320		–	1,203,320	1,423,974
Premises costs	68,639	45,371	2,327	116,337	229,626
Telephone & fax	21,637	14,302	734	36,673	45,433
Postage, stationery & assessment materials	389,954	257,766	13,218	660,938	682,838
Other office costs	63,035	41,667	2,137	106,839	135,350
Travelling, meeting & committee expenses	171,984	113,684	5,829	291,497	470,149
Marketing & publicity	144,579	95,569	4,901	245,049	456,959
Legal & professional	34,149	22,573	1,157	57,879	59,611
Audit & accountancy	–	–	30,656	30,656	32,591
Depreciation	98,892	65,369	3,353	167,614	170,277
Amortisation	1,217,252	804,624	41,263	2,063,139	1,276,204
Profit on disposal of fixed assets	(22)	(15)	–	(37)	247
Bank charges & foreign exchange	37,911	25,060	1,285	64,256	11,884
Sundry expenses	116,110	76,751	3,936	196,797	7,831
ICT Hosting & support	409,510	270,693	13,881	694,084	700,528
Consultancy support	44,668	29,526	1,515	75,709	177,551
	6,884,291	3,755,215	223,232	10,862,738	10,577,055
Support costs	3,755,215	(3,755,215)	–	–	–
Governance costs	223,232	–	(223,232)	–	–
<b>Total expenditure 2020</b>	<b>10,862,738</b>	<b>–</b>	<b>–</b>	<b>10,862,738</b>	<b>–</b>
Total expenditure 2019	10,577,055	–	–		10,577,055

Vocational Training Charitable Trust

Notes to the financial statements

For the year ended 31 July 2020

5b Analysis of expenditure (Prior year)

	Charitable activities			
	Qualification and assessment costs £	Support Costs £	Governance Costs £	2019 Total £
Staff costs (Note 7)	2,770,641	1,831,441	93,920	4,696,002
Verifier, examination fees & expenses	1,423,974	–	–	1,423,974
Premises costs	135,479	89,554	4,593	229,626
Telephone & fax	26,805	17,719	909	45,433
Postage, stationery & assessment materials	402,875	266,307	13,656	682,838
Other office costs	79,857	52,787	2,706	135,350
Travelling, meeting & committee expenses	277,388	183,358	9,403	470,149
Marketing & publicity	269,606	178,214	9,139	456,959
Legal & professional	35,171	23,248	1,192	59,611
Audit & accountancy	–	–	32,591	32,591
Depreciation	100,464	66,408	3,405	170,277
Amortisation	752,960	497,720	25,524	1,276,204
Profit on disposal of fixed assets	146	97	4	247
Bank charges & foreign exchange	7,011	4,635	238	11,884
Sundry expenses	4,620	3,054	157	7,831
ICT Hosting & support	413,311	273,206	14,011	700,528
Consultancy support	115,408	60,367	1,776	177,551
	6,815,716	3,548,115	213,224	10,577,055
Support costs	3,548,115	(3,548,115)	–	–
Governance costs	213,224	–	(213,224)	–
<b>Total expenditure 2019</b>	<b>10,577,055</b>	<b>–</b>	<b>–</b>	<b>10,577,055</b>

# Vocational Training Charitable Trust

## Notes to the financial statements

### For the year ended 31 July 2020

#### 6 Net (expenditure)/ income for the year

This is stated after charging / (crediting):

	2020 £	2019 £
Depreciation	167,651	170,277
Amortisation	2,063,102	1,276,204
Loss or (profit) on disposal of fixed assets	(37)	247
Operating lease rentals:		
Property	14,302	137,378
Other	87,524	75,051
Auditors' remuneration (excluding VAT):		
Audit	24,500	28,700
Other services	900	900
Foreign exchange (gains) or losses	44,686	(16,788)

#### 7 Analysis of staff costs, trustee remuneration and expenses, and the cost of key management personnel

Staff costs were as follows:

	2020 £	2019 £
Salaries and wages	3,932,343	3,766,229
Redundancy and termination costs paid in the year	3,082	55,908
Social security costs	395,638	372,097
Employer's contribution to defined contribution pension schemes	276,221	276,654
Other forms of employee benefits	244,704	225,114
	<b>4,851,988</b>	<b>4,696,002</b>

The following number of employees received employee benefits (excluding employer pension costs and national insurance) during the year between:

	2020 No.	2019 No.
£60,000 – £69,999	5	2
£70,000 – £79,999	1	2
£80,000 – £89,999	1	–
£100,000 – £109,999	–	3
£110,000 – £119,999	1	1
£130,000 – £139,999	1	1
£140,000 – £149,999	1	–
£170,000 – £179,999	–	1
£180,000 – £189,999	1	–

The total employee benefits including pension contributions and employer's national insurance of the key management personnel were £860,002 (2019: £905,773) due to staff changes in the Corporate Leadership Team during the year and several senior managers being on furlough during April–July.

The charity trustees were not paid or received any other benefits from employment with the charity in the year (2019: £nil). No charity trustee received payment for professional or other services supplied to the charity (2019: £nil).

Trustees' expenses represents the payment or reimbursement of travel and subsistence costs totalling £9,450 (2019: £15,195) incurred by 11 (2019: 11) members relating to attendance at meetings of the trustees.

Trustee indemnity insurance is now included within the charitable company's indemnity insurance.

# Vocational Training Charitable Trust

## Notes to the financial statements

### For the year ended 31 July 2020

#### 8 Staff numbers

The average number of employees (head count based on number of staff employed) during the year was as follows:

	2020 No.	2019 No.
Qualifications and Assessment	117	117
Support	36	32
Governance	2	2
	<b>155</b>	<b>151</b>

#### 9 Related party transactions

Related party transactions with the charity's subsidiary company are disclosed within note 14.

During the year the Charity engaged with Pure HR, a company owned by Trustee Stephanie Barnett, to provide HR consultancy. The Charity have paid £4,291 (2019 Nil) for the consultancy service.

There are no donations from related parties.

#### 10 Taxation

The charity is exempt from corporation tax as all its income is charitable and is applied for charitable purposes. The charity's trading subsidiary Education & Media Services Limited will gift aid available profits to the parent charity.

#### 11 Tangible fixed assets

##### The group

	Freehold property £	Property Improvements £	Fixtures and fittings £	Computer equipment & Software £	Total £
<b>Cost</b>					
At the start of the year	1,289,458	1,889,769	137,537	1,205,643	<b>4,522,407</b>
Additions in year	–	–	539	28,197	<b>28,736</b>
Disposals in year	–	–	–	(7,761)	<b>(7,761)</b>
At the end of the year	<b>1,289,458</b>	<b>1,889,769</b>	<b>138,076</b>	<b>1,226,079</b>	<b>4,543,382</b>
<b>Depreciation</b>					
At the start of the year	96,626	420,616	125,808	1,080,439	<b>1,723,489</b>
Charge for the year	17,628	87,060	3,200	59,763	<b>167,651</b>
Eliminated on disposal	–	–	–	(6,124)	<b>(6,124)</b>
At the end of the year	<b>114,254</b>	<b>507,676</b>	<b>129,008</b>	<b>1,134,077</b>	<b>1,885,015</b>
<b>Net book value</b>					
At the end of the year	<b>1,175,204</b>	<b>1,382,093</b>	<b>9,068</b>	<b>92,002</b>	<b>2,658,367</b>
At the start of the year	1,192,832	1,469,153	11,729	125,204	2,798,918

Land with a value of £407,232 (2019: £407,232) is included within freehold property and not depreciated.

All of the above assets are used for charitable purposes.

Freehold Property and Property Improvements relate to Aspire House. An impairment review was undertaken at 31 July 2016 and the Trustees consider that the value in use exceeded the carrying value at 31 July 2016.

# 11 Tangible fixed assets (continued)

## The charity

	Freehold property £	Property Improvements £	Fixtures and fittings £	Computer equipment & Software £	Total £
<b>Cost</b>					
At the start of the year	1,289,458	1,889,769	137,537	1,189,723	4,506,487
Additions in year	–	–	539	27,746	28,285
Transfers in year	–	–	–	–	–
Disposals in year	–	–	–	(3,559)	(3,559)
At the end of the year	<b>1,289,458</b>	<b>1,889,769</b>	<b>138,076</b>	<b>1,213,910</b>	<b>4,531,213</b>
<b>Depreciation</b>					
At the start of the year	96,626	420,616	125,808	1,072,252	1,715,302
Charge for the year	17,628	87,060	3,200	56,696	164,584
Eliminated on disposal	–	–	–	(2,070)	(2,070)
At the end of the year	<b>114,254</b>	<b>507,676</b>	<b>129,008</b>	<b>1,126,878</b>	<b>1,877,816</b>
<b>Net book value</b>					
<b>At the end of the year</b>	<b>1,175,204</b>	<b>1,382,093</b>	<b>9,068</b>	<b>87,032</b>	<b>2,653,397</b>
At the start of the year	1,192,832	1,469,153	11,729	117,471	2,791,185

# 12 Intangible fixed assets

## The Group

	Software & Resources £	Goodwill £	Trademarks £	Total 2020 £
<b>Cost</b>				
At the start of the year	1,361,822	5,378,076	4,800	6,744,698
Additions in year	112,322	–	–	112,322
Disposals in year	–	(657,536)	–	(657,536)
At the end of the year	<b>1,474,144</b>	<b>4,720,540</b>	<b>4,800</b>	<b>6,199,484</b>
<b>Amortisation</b>				
At the start of the year	563,648	3,262,382	2,200	3,828,230
Charge for the year	349,514	951,108	480	1,301,102
Impairment charge	–	762,000	–	762,000
Eliminated on disposal	–	(657,536)	–	(657,536)
At the end of the year	<b>913,162</b>	<b>4,317,954</b>	<b>2,680</b>	<b>5,233,796</b>
<b>Net book value</b>				
<b>At the end of the year</b>	<b>560,982</b>	<b>402,586</b>	<b>2,120</b>	<b>965,688</b>
At the start of the year	798,174	2,115,694	2,600	2,916,468

The remaining goodwill at 31 July 2020 was reviewed for impairment and an additional amortisation charge has been applied in this accounting period. The basis for this was the reduction of 65% of net profit projected in 2020/21 against the net profit in 2018/2019 and therefore cash generated to the Charity due to the effects of the pandemic.

Notes to the financial statements

For the year ended 31 July 2020

12 Intangible fixed assets (continued)

The Charity

	Software & Resources	Goodwill	Trademarks	Total 2020 £
<b>Cost</b>				
At the start of the year	1,361,822	87,500	4,800	1,454,122
Additions in year	112,322	–	–	112,322
At the end of the year	<b>1,474,144</b>	<b>87,500</b>	<b>4,800</b>	<b>1,566,444</b>
<b>Amortisation</b>				
At the start of the year	563,648	52,500	2,200	618,348
Charge for the year	349,514	35,000	480	384,994
At the end of the year	<b>913,162</b>	<b>87,500</b>	<b>2,680</b>	<b>1,003,342</b>
<b>Net book value</b>				
At the end of the year	<b>560,982</b>	<b>–</b>	<b>2,120</b>	<b>563,102</b>
At the start of the year	798,174	35,000	2,600	835,774

13 Listed investments

	The group 2020 £	2019 £	The charity 2020 £	2019 £
Fair value at the start of the year	9,813,144	9,490,396	9,813,144	9,490,396
Additions at cost	4,911,957	923,941	4,911,957	923,941
Disposal proceeds	(5,343,209)	(805,820)	(5,343,209)	(805,820)
Change in cash in the portfolio	422,344	(122,066)	422,344	(122,066)
Net gain in fair value	(487,838)	326,693	(487,838)	326,693
Fair value at the end of the year	<b>9,316,398</b>	<b>9,813,144</b>	<b>9,316,398</b>	<b>9,813,144</b>

13 Listed investments (continued)

Listed investments comprise:

	The group 2020 £	2019 £	The charity 2020 £	2019 £
Property Funds	11,307	883,130	11,307	883,130
UK Common investment funds	2,930,685	1,403,215	2,930,685	1,403,215
Shares listed on the London Stock Exchange	1,735,013	2,354,068	1,735,013	2,354,068
Cash and short term deposits	740,109	384,386	740,109	384,386
Other Investments	3,899,284	4,788,345	3,899,284	4,788,345
Fair value at the end of the year	<b>9,316,398</b>	<b>9,813,144</b>	<b>9,316,398</b>	<b>9,813,144</b>



Notes to the financial statements

For the year ended 31 July 2020

14 Subsidiary undertakings

	The charity 2020	2019
	£	£
<b>Investments held in subsidiary undertakings</b>		
At the start of the year	3,100,203	4,016,311
Amortisation recognised	(1,678,108)	(916,108)
	<u>1,422,095</u>	<u>3,100,203</u>

14 Subsidiary undertakings (continued)

**Education & Media Services Ltd**

VTCT acquired the share capital of Education & Media Services Ltd (EMS) on 8 November 2016. The cost of acquisition along with associated professional support and advice totalled £5,600,049. The cost of the share capital was settled through a cash payment, with a retention amount paid in March 2017 based on EMS's performance. The trustees consider the useful economic life of EMS to be 5 years and the goodwill has been impaired on this basis.

A summary of the results of the subsidiary shown below.

	2020 £	2019 £
Turnover	1,814,989	2,346,971
Cost of sales	(420,571)	(527,331)
Gross profit	<u>1,394,418</u>	<u>1,819,640</u>
Administrative expenses	(1,361,240)	(1,212,836)
Operating profit / (loss)	33,178	606,804
Interest receivable	2,327	134
Profit on ordinary activities	<u>35,505</u>	<u>606,938</u>
Gift aid to parent undertaking	–	(619,074)
Profit/(Loss) for the period	<u>35,505</u>	<u>(12,136)</u>

The aggregate of the assets, liabilities and reserves was:

	2020 £	2019 £
Assets	712,532	720,981
Liabilities	(225,108)	(269,062)
Reserves	<u>487,424</u>	<u>451,919</u>

During the year, intercompany charges were made from VTCT to EMS totalling £1,134,608 (2019: £542,656) for management time and support.

15 Parent charity

The parent charity's gross income and the results for the year are disclosed as follows:

	2020 £	2019 £
Gross income	7,968,599	7,737,451
Net result for the year	<u>(2,790,080)</u>	<u>(666,244)</u>

# Vocational Training Charitable Trust

## Notes to the financial statements

For the year ended 31 July 2020

### 16 Debtors

	The group 2020 £	2019 £	The charity 2020 £	2019 £
Trade debtors	372,682	799,204	295,534	682,297
Amounts due from other group entities	-	-	81,327	59,245
Other debtors and prepayments	408,899	660,029	386,278	629,503
	<b>781,581</b>	<b>1,459,233</b>	<b>763,139</b>	<b>1,371,045</b>

Other Debtors includes a non current debtor of £144k comprising of a loan made in 2014 to Truro & Penwith College contributing to the provision of specialist teaching facilities.

### 17 Creditors: amounts falling due within one year

	The group 2020 £	2019 £	The charity 2020 £	2019 £
Trade creditors	193,317	269,415	191,661	264,878
Taxation and social security	199,577	213,843	217,726	206,176
Other creditors	210,394	289,925	175,554	216,440
Deferred income (note 18)	152,995	154,930	45,711	54,036
	<b>756,283</b>	<b>928,113</b>	<b>630,652</b>	<b>741,530</b>

### 18 Deferred income

Deferred income comprises of payments received for qualification services supplied after the year end date.

	The group 2020 £	2019 £	The charity 2020 £	2019 £
Balance at the beginning of the year	154,930	91,844	54,036	11,000
Amount released to income in the year	(154,930)	(91,844)	(54,036)	(11,000)
Amount deferred in the year	152,995	154,930	45,711	54,036
	<b>152,995</b>	<b>154,930</b>	<b>45,711</b>	<b>54,036</b>

### 19a Analysis of group net assets between funds (current year)

	General unrestricted £	Restricted funds £	Total funds £
Tangible fixed assets	2,658,367	-	2,658,367
Intangible assets including goodwill	965,688	-	965,688
Investments	9,316,398	-	9,316,398
Net current assets	1,721,081	13,088	1,734,169
<b>Net assets at 31 July 2020</b>	<b>14,661,534</b>	<b>13,088</b>	<b>14,674,622</b>

### 19b Analysis of group net assets between funds (prior year)

	General unrestricted £	Restricted funds £	Total funds £
Tangible fixed assets	2,798,918	-	2,798,918
Intangible assets including goodwill	2,916,468	-	2,916,468
Investments	9,813,144	-	9,813,144
Net current assets	1,900,666	-	1,900,666
<b>Net assets at 31 July 2019</b>	<b>17,429,196</b>	<b>-</b>	<b>17,429,196</b>

# Vocational Training Charitable Trust

## Notes to the financial statements

### For the year ended 31 July 2020

#### 20a Movements in funds (current year)

	At 1 August 2019 £	Income & net gains £	Expenditure & losses £	Transfers £	At 31 July 2020 £
<b>Restricted funds</b>					
Qualifications Wales	–	52,354	(39,266)	–	<b>13,088</b>
Government grant income CJRS* (Coronavirus Job Retention Scheme)	–	512,775	(512,775)	–	–
	–	565,129	(552,041)	–	<b>13,088</b>
<b>Unrestricted funds:</b>					
General funds	17,429,196	8,083,852	(10,851,513)	–	<b>14,661,534</b>
<b>Total unrestricted funds</b>	17,429,196	8,083,852	(10,851,513)	–	<b>14,661,534</b>
<b>Total funds</b>	17,429,196	8,648,980	(11,403,554)	–	<b>14,674,622</b>

The narrative to explain the purpose of each fund is given at the foot of the note below.

#### 20b Movements in funds (prior year)

	At 1 August 2018 £	Incoming resources & net gains £	Outgoing resources £	Transfers £	at 31 July 2019 £
<b>Unrestricted funds:</b>					
General funds	18,107,577	9,949,389	(10,627,770)	–	<b>17,429,196</b>
<b>Total unrestricted funds</b>	18,107,577	9,949,389	(10,627,770)	–	<b>17,429,196</b>
<b>Total funds</b>	18,107,577	9,949,389	(10,627,770)	–	<b>17,429,196</b>

Restricted funds for the year comprise of:

Qualifications Wales – for Welsh translations of qualification materials and a short term appointment of a bilingual officer.

Government Scheme – Coronavirus Job Retention Scheme (CJRS) – to cover a percentage of salary, pension and NI costs incurred for furloughed workers.

#### 21 Reconciliation of net expenditure to net cash flow from operating activities

	2020 £	2019 £
<b>Net expenditure for the reporting period (as per the statement of financial activities)</b>	<b>(2,754,574)</b>	<b>(678,381)</b>
Depreciation charges	167,651	170,277
Amortisation charges	2,063,102	1,276,204
Gains on investments	487,838	(326,693)
Dividends and interest from investments	(188,601)	(237,085)
(Profit) Loss on the disposal of fixed assets	(37)	247
(Increase) / Decrease in debtors	677,652	(344,980)
Increase / (Decrease) in creditors	(171,830)	123,421
Decrease in long term creditors	–	–
<b>Net cash provided by operating activities</b>	<b>281,201</b>	<b>(16,990)</b>

## 22 Operating lease commitments

The group's total future minimum lease payments under non-cancellable operating leases is as follows for each of the following periods:

	Property 2020 £	2019 £	Equipment/Other 2020 £	2019 £
Less than one year	10,362	13,292	44,316	58,567
One to five years	–	10,131	66,715	86,440
	<b>10,362</b>	<b>23,423</b>	<b>111,031</b>	<b>145,007</b>

The charity's total future minimum lease payments under non-cancellable operating leases is as follows for each of the following periods:

	Property 2020 £	2019 £	Equipment/Other 2020 £	2019 £
Less than one year	–	8,513	44,316	55,995
One to five years	–	8,513	66,715	86,440
	<b>–</b>	<b>17,026</b>	<b>111,031</b>	<b>142,435</b>

## 23 Post Balance Sheet Events

With the agreement of the Trustees, in response to the coronavirus pandemic and the impact on the education and skills sector, the business carried out a restructure which has resulted in 16 redundancies. This will have an impact of c£290k on next years accounts.

In addition, the Charity have accessed the coronavirus business interruption scheme (CBILS) and have received a loan of £1 mill from Nat West Bank.

## 24 Legal status of the charity

The charity is a company limited by guarantee and has no share capital. The liability of each member in the event of winding up is limited to £10.