

JTL
(A company limited by guarantee)
Group Consolidated Financial Statements
Year Ended 31st July 2020



Charity registration number: 1080254
Company registration number: 03958541



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Group Consolidated Financial Statements

Year Ended 31st July 2020

Charity registration number	1080254
Company registration number	03958541
Trustees	G Russell (Chairman) ¹³⁴ J Allott P Bird ¹²⁸ (retired 08.03.21) J Burrows ⁶ R Clarke ²³ A Eldred ²³ C Fenton ⁷ P McNaughton ¹⁴ T Shelley ⁵ W Spiers (retired 12.09.19) I Woodland ¹⁴
Chief Executive	J Graham
Company Secretary	C Turner
Registered Office	Stafford House 120-122 High Street Orpington Kent BR6 0JS
Auditors	MHA MacIntyre Hudson Chartered Accountants 6 th Floor, 2 London Wall Place London EC2Y 5AU
Solicitors	Stone King LLP Boundary House 91 Charterhouse Street London EC1M 6HR
Bankers	Barclays Bank PLC 1 Churchill Place London E14 5HP

Group Consolidated Financial Statements

Year Ended 31st July 2020

Investment Managers

Barclays Wealth Management
1 Churchill Place
London
E14 5HP

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
- 8 Develop



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 31st 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 1st 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:

- Coronavirus Pandemic
- 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 (retired 12.09.19)
I Woodland

JTL
(A company limited by guarantee)

Trustees' Annual Report (Including Strategic Report)

Year Ended 31st July 2020



Nominated by the Electrical Contractors' Association



J Burrows
A Eldred
P McNaughton

Other independent appointments

P Bird (retired 08.03.21)
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 and Values

JTL's vision is:

“to be the training organisation of choice to the building services engineering sector”.

The company's values have proved more important than ever during the challenging times encountered in 2019/20 and beyond.



Structure and Members

JTL is a charitable company limited by guarantee and was set up on 23rd 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 31st July 2020 was 392 (2019: 367).



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 encourage training, career progression and promotion for all disabled persons employed by the company. 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 rolling three-year 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.

The Trustees believe that, despite the challenges faced during 2019/20, JTL has made satisfactory progress against its charitable objects and its strategic and business plan objectives.

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 employer 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.



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. Where partnership arrangements are not effective from either a quality or financial perspective, JTL is able to invest in its own training centres (see page 16 below), despite these being more expensive.

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.



JTL has started offering our apprentices a chance to stay in touch and continue their development through JTL Toolbox, a free online support package specifically aimed at employers and those who have completed or are near to completing their apprenticeship. Power Up is a CPD platform within Toolbox which offers free taster training sessions to electricians which helps support them in their day to day role by addressing professional training needs.



STRATEGIC REPORT



CORONAVIRUS PANDEMIC

The world has faced an unprecedented disaster in the Coronavirus pandemic (Covid-19) which has had a devastating global effect on people, businesses, economies and governments commencing in the second half of 2019/20. Despite efforts by the UK government to implement extraordinary business support measures, JTL was impacted by the consequences of the pandemic which saw:

- its anticipated recruitment of c600 new apprentices fall to nothing between April and July;
- up to c50% of its existing apprentices furloughed by their employers which affected their progression opportunities;
- AM2 centres shut for a number of months which prevented anticipated completions being achieved.

JTL was pro-active in its management of the crisis:

- Its established business continuity management plan was invoked at the early indications of the impending crisis and was escalated to cope with the scale of events. The Business Continuity Management team met daily in the early weeks of the country's lockdown period, subsequently scaling this back to two to three times per week, based on requirements. The EMT also met several times a week during the early period, also scaling this back as new working practices settled in. These arrangements continue into 2020/21.
- All staff were set up to work from home as offices and training centres closed during March. This continued until the end of 2019/20 and beyond. Equipment and systems, with the necessary training and regular business and personal support, were provided and the business continued to operate effectively.
- A minimal number of staff were furloughed as the majority of JTL's business activities continued.
- Remote learning arrangements were put in place to maximise teaching and learning for



JTL apprentices during a sustained period and to minimise disruption to their progress. This was made available to all apprentices regardless of whether they were still working, furloughed, self-isolating or redundant. The aim was “to keep our learners learning”.

- Increased contact (albeit remote) with all learners was put in place to ensure safeguarding was maintained and for mental health and wellbeing purposes.
- Plans were commenced to prepare for a return to more normal conditions including how to assess any loss of progress and implement additional teaching and learning to catch up.

Performance has inevitably been affected both in terms of key delivery performance indicators and financial trading results and, with the impact and effects of Covid-19 continuing beyond 2019/20, it will also inevitably affect future performance.

ACHIEVEMENTS AND PERFORMANCE



Management

The EMT initially worked together to set out a three-year strategy - with a view to this being reviewed and updated on a rolling annual basis - 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 for 2019/20 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 although performance has been affected by the impact of Covid-19 on the economy and the sector we serve. We continue to work with our delivery partners but also 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, but effectively in the eight months up until the start of lockdown in March 2021, JTL:

- recruited over 2,300 (2019: 2,700) apprentices.
- delivered in excess of 1,200 (2019: 1,300) apprentice achievements.

- market share in the core electrotechnical discipline has improved to 32.8%.
- Based on the last official Education and Skills Funding Agency (ESFA) published figures (2018/19), JTL had an overall achievement rate of 71.4% (2018/19: 76%) compared to a national average of 71.6% and a timely achievement rate of 48.2% (2018/19: 55.8%).¹
- At 31st July 2020, JTL had 7,458 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 twelve centres including:

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



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. Ofsted's Education Inspection Framework and Self-Assessment



¹ Due to the impact of Covid-19, ESFA will not be publishing achievement rate data for 2019/20.



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 its core disciplines of electrotechnical and plumbing.



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 2020) and the Matrix standard since 2012 (which was also successfully re-assessed in 2020). In 2020, 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.

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. This has been of particular importance during the Covid-19 lockdown period where learners have been particularly vulnerable to mental health and wellbeing issues. We have taken additional steps to stay in touch with our learners during this period to monitor their welfare.



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 principal funding source is the Employment Skills Funding Agency, the charity uses this income source to further its aims and objectives including increasing apprentice learner numbers, increasing market share and enhance and innovate.

No fundraising is carried out and any income from investments is generated via a responsible and ethical approach implemented by the Investment Managers Barclays which amongst other things excludes investment in Tobacco, Arms, Gambling and Pornography.

The Consolidated Statement of Financial Activities for the year is set out on page 30 and shows an operating loss for the year of £3,170,043 (2019: Profit £2,377,963). Net movement in funds for the year amounted to £530,613 (2019: £3,507,986) after investment gains of £3,700,656 (2019: £1,130,023). This resulted in a net asset position, all held as unrestricted funds as at 31st July 2020, of £44,773,269 (2019: £43,242,656). 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 £32,464,821 (2019: £32,075,124), with a net movement in funds of £3,211,605 (2019: £3,465,551). Total donations to JTL from JT Limited and Develop Training Group Limited under the Gift Aid scheme in the year to 31st July 2020 was £592,668 (2019: £550,234). The 2020 profit amount was not accrued at the end of the year following clarification of Financial Reporting Standard 102. The subsidiaries had total income for the year of £5,637,504 (2019: £1,435,424) and costs of £7,463,826 (2019: £1,014,365) which is in line with strategy and expectation.



Finance, Audit and Risk Committee (FARC)

The Finance, Audit and Risk Committee was active throughout 2019/20. 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. JTL's funds are 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 12.61%. The JTL portfolio has performed comparatively better than the ARC (Asset Risk Consultants) Sterling Steady Growth Charity Index which delivered a return of -3.74% during the same period.



Subsidiaries

In addition to the investment funds, JTL has two wholly owned subsidiary, JT Limited and Develop.



JT Limited



Part of the JTL Group

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.

Develop



When JTL acquired Develop in September 2019, it comprised a group of four companies:

- Develop Training Group Limited (DTGL)
- Develop Training Limited (DTL)
- Develop Solutions Limited (DSL)
- Develop Training Employee Benefit Limited (DTEBL)

Develop is an accredited provider of compliance, technical, and safety training for the utilities and construction, defence, healthcare, facilities management, and telecommunication sectors. The intention is to close all but Develop Training Limited. Develop Solutions Limited was dissolved on 7th April 2020. Develop Training Group Limited and Develop Training Employee Benefit Limited are due to be dissolved in 2020.

Develop Training Limited, a predominantly commercial course provider was acquired to complement and provide a source of funds to the JTL group to further its charitable aims.

A plan to turnaround Develop Training Limited from the current loss-making position to making profits is currently in progress and will be achieved through review, management and efficiencies through the use of shared resources with JTL.



Reserves Policy

The general reserves of the group at 31 July 2020 were £43,773,269 of which £5,145,000 is represented by tangible and intangible fixed assets. Free reserves, defined as excluding such funds attributed to these assets, were £38,628,269.

The current reserves policy requires that unrestricted funds held by the charity should be more

than six months (£19,314,134) and less than twelve months (£38,626,269) of the annual 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 that 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 review the Reserves Policy annually, to support the next strategic and business planning cycle. This review will update JTL's Reserves Policy to ensure that the level of reserves will reasonably 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 and Risk Committee and reported to the Board.

The most significant risks currently identified are:

- Covid -19 and related operational implications create significant additional negative consequences.
- Poor Ofsted inspection outcome.
- Loss of learner, staff and/or employer personal identifiable data.

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 yield suitable financial returns as well as 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

The Covid-19 pandemic has continued into 2020/21 and continues to affect governments, economies, businesses and individuals globally. The decision, in England, to treat education – including further education and apprenticeships – as a key priority has meant that some return to a semblance of normality has been possible. Training centres and FE colleges have re-opened, having made special arrangements to be as Covid-secure as possible, and remain open even when local and national lockdowns are introduced. Likewise, the construction industry, and therefore building services engineering, continues to operate.

The Trustees, on the recommendation of the EMT, agreed that, due to the extraordinary circumstances, it was not appropriate to agree a new three-year strategic plan as there is no certainty about the future. Similarly, a Business Plan “Lite” was agreed which reflected a range of scenarios dependent on the ability of the sector to recover and continue training apprentices. The extraordinary financial measures implemented by the Government have meant that apprentice redundancies have been relatively low but these may have been cushioned by the continuing furlough scheme.

JTL’s business continuity management arrangements continue, including considering matters at a minimum on a weekly basis and more often if required. While JTL’s training centres have re-opened, most office-based staff have continued to operate from home.

Going Concern

After making appropriate enquiries and taking into account 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.

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.

JTL
(A company limited by guarantee)

Trustees' Annual Report (Including Strategic Report)

Year Ended 31st July 2020



Signed on behalf of the Board of Trustees

A handwritten signature in black ink, appearing to read 'Geoffrey Russell', written over a white background.

Geoffrey Russell
Chairman of the Trustees

Date: 24th March 2021

JTL
(A company limited by guarantee)

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

Year Ended 31st July 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 2020 which comprise the Consolidated Statement of Financial Activities, the Consolidated 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.

JTL
(A company limited by guarantee)

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

Year Ended 31st July 2020

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 31st July 2020

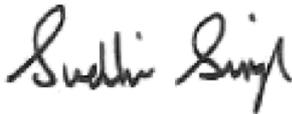
Auditor's responsibilities for the audit of the financial statements

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. 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
6th Floor
2 London Wall
EC2Y 5AU

Date: 29 April 2021

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

Year Ended 31st July 2020

	Note	2020 £	2019 £
Income from:			
Charitable activities	2	31,872,152	31,524,890
Other trading activities	3	5,637,504	1,435,424
Investments & bank interest	4	699,840	821,997
Total income		38,209,496	33,782,311
Expenditure on:			
Raising funds	5	7,831,476	1,014,365
Charitable activities	6	33,548,063	30,389,983
Total expenditure		41,379,539	31,404,348
Net income / (expenditure)		(3,170,043)	2,377,963
Net gains on investments	15	3,700,656	1,130,023
Net movement in funds		530,613	3,507,986
Reconciliation of funds:			
Total funds brought forward		43,242,656	39,734,669
Total funds carried forward		43,773,269	43,242,656

All activities are continuing and relate to unrestricted funds in 2019 and 2020.

The notes on pages 32-49 form part of these financial statements.



	Note	2020 £	2019 £
Fixed assets			
Tangible assets	13	5,145,000	3,410,439
Investments	15	35,688,572	33,942,893
		<u>40,833,572</u>	<u>37,353,332</u>
Current assets			
Debtors	16	6,647,383	6,856,672
Cash at bank and in hand		3,860,632	6,616,509
		<u>10,508,015</u>	<u>13,473,181</u>
Creditors: amounts falling due within one year	17	(7,568,318)	(7,583,857)
Net current assets		<u>2,939,697</u>	<u>5,889,324</u>
Net assets		<u>43,773,269</u>	<u>43,242,656</u>
Group Funds			
Total group funds		<u>43,773,269</u>	<u>43,242,656</u>

The financial statements were approved and authorised for issue by the Board on 24th March 2021.

Signed on behalf of the Board of Trustees


Geoffrey Russell
Chairman of the Trustees

The notes on pages 32-49 form part of these financial statements.



	Note	2020 £	2019 £
Fixed assets			
Tangible assets	13	5,004,751	3,391,202
Investments	15	35,820,575	33,942,895
		<u>40,825,326</u>	<u>37,334,097</u>
Current assets			
Debtors	16	7,989,260	7,025,669
Cash at bank and in hand		3,243,651	5,686,195
		<u>11,232,911</u>	<u>12,711,864</u>
Creditors: amounts falling due within one year	17	(6,196,644)	(7,395,974)
Net current assets		<u>5,036,267</u>	<u>5,315,890</u>
Net assets		<u>45,861,592</u>	<u>42,649,987</u>
Charity Funds			
Other Reserves		45,861,592	42,649,987
Unrestricted funds			
		<u>45,861,592</u>	<u>42,649,987</u>
Total charity funds		<u>45,861,592</u>	<u>42,649,987</u>

The financial statements were approved and authorised for issue by the Board on 24th March 2021.

Signed on behalf of the Board of Trustees

Geoffrey Russell
Chairman of the Trustees

The notes on pages 32-49 form part of these financial statements.



	Note	2020 £	2019 £
Cash flow from operating activities	19	(1,855,540)	212,352
Cash flow from investing activities			
Payments to acquire tangible fixed assets		(3,008,205)	(1,465,750)
Receipts from sales of tangible fixed assets		310,000	19,448
Payments to acquire subsidiary undertakings		(132,001)	-
Payments to acquire investments		(49,891,856)	(4,182,068)
Receipts from sales of investments		52,304,760	20,544,920
Income from Investments		573,891	820,605
Movement in cash held by investment managers		(457,926)	(16,975,428)
Net cash flow from investing activities		(301,337)	(1,238,273)
Cash flow from financing activities			
Repayment of bank borrowings		(599,000)	-
Net cash flow from financing activities		(599,000)	-
Net increase in cash and cash equivalents		(2,755,877)	(1,025,921)
Cash and cash equivalents at 31st July 2019		6,616,509	7,642,430
Cash and cash equivalents at 31st July 2020		3,860,632	6,616,509
Cash and cash equivalents consist of:			
Cash at bank and in hand		3,860,632	6,616,509
Cash and cash equivalents at 31st July 2020		3,860,632	6,616,509

The notes on pages 32-49 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 £3,211,605 (2019: £3,465,551).

(c) Going Concern

The Trustees have assessed the use of going concern and have considered possible events or conditions that might cast significant doubt on the ability of the Charity to continue as a going concern including the impact of Covid-19. The Trustees have made this assessment for a period of at least one year from the date of the approval of these financial statements. The Trustees have concluded that there is a reasonable expectation that the Charity has adequate resources to continue in operational existence for the foreseeable future. The Charity therefore continues to adopt the going concern basis in preparing these financial statements.

(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:

	2020	2019
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.

(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

	2020	2019
	£	£
ESFA and Welsh Assembly income receivable	29,015,015	29,991,180
Other income receivable	2,857,137	1,533,710
	<u>31,872,152</u>	<u>31,524,890</u>

Other income receivable of £2,857,137 (2019 £1,533,710) 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

	2020	2019
	£	£
Trading income in subsidiary	5,637,504	1,435,424
	<u>5,637,504</u>	<u>1,435,424</u>



4 Income from Investments

	2020 £	2019 £
Dividends and interest from listed investments	510,897	782,048
Bank interest	188,943	39,949
	699,840	821,997

5 Expenditure on Raising Funds

	2020 £	2019 £
Direct trading expenditure	593,503	443,297
Support costs of trading	4,963,987	399,459
Investment manager fees	129,647	171,609
	5,687,137	1,014,365

6 Analysis of Expenditure on Charitable Activities

	Activities undertaken directly £	Staff costs £	Support costs £	Total £
Education and training				
2020 total	14,924,553	13,333,111	5,290,399	33,548,063
2019 total	12,550,418	12,230,619	5,608,946	30,389,983

7 Allocation of Support Costs

	Cost of raising funds £	Charitable activities £	2020 Total £	Cost of raising funds £	Charit- able activities £	2019 Total £
Wages and salaries	1,915,597	2,981,036	4,896,633	96,406	2,877,710	2,974,116
Finance	14,712	824	15,536	1,303	1,940	3,243



	Cost of raising funds	Charitable activities	2020 Total	Cost of raising funds	Charitable activities	2019 Total
	£	£	£	£	£	£
Information technology	133,831	215,614	349,446	13,394	249,566	262,960
Office and other costs	2,524,655	1,409,570	3,934,225	163,836	1,640,365	1,804,201
Depreciation	59,001	257,741	316,742	5,220	140,223	145,443
Other staff costs	173,562	294,807	468,369	30,878	383,648	414,525
Governance (see note 8)	142,630	130,806	273,436	88,422	315,494	403,916
	4,963,987	5,290,399	10,254,387	399,459	5,608,946	6,008,405

8 Governance Costs

	2020	2019
	£	£
Trustee meetings	1,111	2,440
Auditor's fees (including expenses and benefits in kind)	65,391	19,000
Legal fees	273,436	403,916
	339,939	425,356

9 Movements in Funds

	2020	2019
	£	£
Depreciation of tangible fixed assets	1,058,656	548,739
Amortisation of other intangible assets (incl. within intangibles)	-	(10,277)
Operating lease rentals	-	-
Profit on fair value movement of investments	3,700,656	1,130,022



10 Auditor's Remuneration

	2020	2019
	£	£
Fees payable to the charity's auditor for the audit of the charity's annual accounts	20,000	19,000
Under accrual in the prior year	-	-
Fees payable to the charity's auditor for non audit services		
Accountancy services	45,345	-
Other Services	-	-
	65,345	19,000

11 Trustees' and Key Management Personnel Remuneration and Expenses

	2020	2019
	£	£
Trustee expenses	1,111	2,440
	1,111	2,440

No Trustees were remunerated or were accruing pension arrangements (2019: Nil).

During the period, four trustees were reimbursed £1,111 (2019: £2,440) for expenses relating to travel costs.

The Charity considers its key management personnel comprise of:

- The Trustees
- Chief Executive Officer
- Chief Operating Officer
- Director of Learning & Innovation
- 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 £1,063,455 (2019: £985,754).



12 Staff Costs and Employee Benefits

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

	2020 Number	2020 FTE	2019 Number	2019 FTE
Directors	6	6	6	6
Operations	255	246	237	235
Support	108	104	122	119
JT Limited	13	13	7	7
Develop Training Limited	88	77	n/a	n/a
	470	446	372	367

The total staff costs and employee benefits were as follows:

	2020 £	2019 £
Wages and salaries	12,542,457	11,553,991
Social security	1,361,690	1,259,814
Defined contribution pension costs	1,692,944	1,563,195
Other staff costs	987,863	1,114,976
	16,584,954	15,491,976

The charity operates a defined contribution pension plan for its employees. The amount recognised as an expense in the period was £1,871,966 (2019 - £1,563,195).

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

	2020 Number	2019 Number
£60,001 - £70,000	8	3
£70,001 - £80,000	3	2
£80,001 - £90,000	2	0
£90,001 - £100,000	2	0



	2020 Number	2019 Number
£100,001 - £110,000	0	3
£110,001 - £120,000	0	0
£120,001 - £130,000	0	0
£130,001 - £140,000	1	0
£140,001 - £150,000	0	1
£150,001 - £160,000	0	1
£160,001 - £170,000	0	0
£170,001 - £180,000	0	0
£180,001 - £190,000	0	0
£190,001 - £200,000	0	0
£200,001 - £210,000	1	0
Total	17	10

13 Tangible Fixed Assets

Group	Freehold property	Motor vehicles	Fixtures & Fittings	Computer Equip- ment	Software/IT consul- tancy	Total
	£	£	£	£	£	£
Cost or valuation:						
At 1 st August 2019	2,394,255	48,600	3,822,422	745,318	199,975	7,210,570
Additions	1,741,871	0	1,041,048	38,162	187,124	3,008,205
Additions from acquisition of subsidiaries	0	0	86,000	74,000	0	160,000
Disposals	(372,000)	0	0	0	0	(372,000)
At 31 st July 2020	3,764,126	48,600	4,949,470	857,480	387,099	10,006,775

Depreciation						
At 1 st August 2019	1,013,002	13,500	2,081,170	560,425	132,034	3,800,131
Charge for the year	101,979	16,200	781,681	116,100	45,684	1,061,644
Eliminated on disposals	0	0	0	0	0	0
At 31 st July 2020	1,114,981	29,700	2,862,851	676,525	177,718	4,861,775
Net book value						

Group	Freehold property	Motor vehicles	Fixtures & Fittings	Computer Equip- ment	Software/ IT consul- tancy	Total
	£	£	£	£	£	£
At 31 st July 2020	2,649,145	18,900	2,086,619	180,955	209,381	5,145,000
At 31 st July 2019	1,381,254	35,100	1,741,252	184,893	67,941	3,410,439

Charity Cost	Property	Vehicles	Fittings	Equip-ment	Consul- tancy	Total
	£	£	£	£	£	£
Cost or valuation:						
At 1 st August 2019	2,394,256	48,600	3,822,422	724,104	188,660	7,178,042
Additions	1,741,871	0	1,036,048	20,160	187,124	2,985,203
Disposals	372,000	0	0	0	0	372,000
At 31 st July 2020	3,764,127	48,600	4,858,470	744,264	375,784	9,791,245
Depreciation						
At 1 st August 2019	1,013,002	13,500	2,081,170	552,003	127,165	3,786,840
Charge for the year	101,978	16,200	756,681	81,942	42,855	999,656
	0	0	0	0	0	0
At 31 st July 2020	1,114,980	29,700	2,837,851	633,944	170,020	4,786,494
Net book value						
At 31 st July 2020	2,649,147	18,900	2,020,619	110,319	205,764	5,004,751
At 31 st July 2019	1,381,254	35,100	1,741,253	172,098	61,495	3,391,202

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

	2020	2019
	£	£
Land and Buildings:		
Freehold land	0	372,000
Freehold buildings	2,649,147	1,009,254
	2,649,147	1,381,254



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

14 Goodwill

Group	Goodwill
	£
Cost or valuation:	
At 1 st August 2019	-
Arising on business combinations	24,001
Impairment charge	(24,001)
At 31 st July 2020	-
Net book value	
At 31 st July 2020	-
At 31 st July 2019	-

The goodwill arose on the acquisition of the Develop Training Group Limited group of companies during the year (see note 21). The group recognised a full impairment charge against the value of that goodwill.

15 Fixed Asset Investments

	Listed Investments £	Total £
Group		
Cost or valuation		
At 1 st August 2019	33,942,895	33,942,895
Additions	49,891,856	49,891,856
Disposals	(52,304,760)	(52,304,760)
Unrealised/Realised gain	3,700,655	3,700,655
Movement in cash held by investment managers	457,926	457,926
At 31 st July 2020	35,688,572	35,688,572



Investments at fair value comprise:

	2020	2019
	£	£
Equities	27,022,399	11,574,123
Securities	6,780,896	5,119,713
Cash within investment portfolio	1,885,277	17,249,057
	35,688,572	33,942,893

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.

	Listed Investments	Investment in Subsidiary	Total
	£	£	£
Charity			
Cost or valuation			
At 1 st August 2019	33,942,895	2	32,200,297
Additions	49,891,859	132,001	49,759,858
Disposals	52,304,760	-	52,304,760
Unrealised/Realised gain/(loss)	3,700,655	-	3,700,655
Movement in cash held by investment managers	457,926	-	457,926
At 31 st July 2020	35,688,572	132,003	35,820,575

The charity owns 100% of the share capital of JT Limited (company number: 02336110) and Develop Training Group Limited (Company number: 06299573), both UK trading companies following a revision to FRS102, the gift aid payment to JTL has not been accrued at the year end.

	JT Limited	Develop Training Group Limited	JT Limited
	2020	2020	2019
	£	£	£
Turnover	1,144,504	4,493,000	1,435,424
Expenditure	(1,172,826)	(6,017,000)	(842,756)
Gift aid payment to parent	(592,668)	0	(550,234)



	JT Limited 2020	Develop Training Group Limited 2020	JT Limited 2019
Profit for the year	(620,990)	(1,524,000)	42,434
Total funds carried forward	(28,322)	(17,686,000)	592,668

16 Debtors

	2020 £ Group	2019 £ Group	2020 £ Charity	2019 £ Charity
Trade debtors	4,928,886	5,863,397	4,621,401	5,563,372
Amounts owed by group undertakings	-	-	2,439,966	435,051
Other debtors	641,765	465,591	172,765	514,5219
Prepayments and accrued income	1,076,732	527,684	755,129	512,727
	6,647,383	6,856,672	7,989,260	7,025,669

As at the year end, JTL was owed £89,966 (2019 £435,051) from JT Limited and £2,350,000 (2019 £nil) from Develop Training Group Limited. No interest was charged for the year.

17 Creditors: Amounts Falling Due within One Year

	2020 £ Group	2019 £ Group	2020 £ Charity	2019 £ Charity
Trade creditors	2,390,744	2,157,311	1,859,655	2,135,613
Other tax and social security	654,670	352,450	475,867	338,597
Accruals and deferred income	4,522,904	5,074,096	3,861,123	4,921,763
	7,568,318	7,583,857	6,196,645	7,395,973

18 Operating Leases

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



	2020	2019	2020	2019
	£	£	£	£
	Land and Buildings		Other	
Not later than one year	429,321	316,933	392,158	228,632
Later than one and not later than five years	133,399	303,844	1,042,661	161,218
Later than five years	0	0	-	-
	562,719	620,777	1,434,819	389,850

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

	2020	2019
	£	£
Net income for the year	1,261,813	3,507,986
Return on investments	(573,891)	(820,605)
Depreciation and impairment of tangible fixed assets	1,061,644	549,024
Amortisation and impairment of intangible fixed assets	24,001	-
(Profit)/ loss on disposal of tangible fixed assets	62,000	(2,457)
Unrealised gains on investments	(3,700,657)	(1,130,021)
(Increase)/decrease in debtors	1,978,089	(459,672)
Increase/(decrease) in creditors	(1,968,539)	(1,431,903)
Net cash flow from operating activities	(1,855,540)	212,352

20 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:

	Income	Expenditure	Outstanding Balances
	£	£	£
Unite the Union is a member of the charitable company			
At year ending 31 st July 2020	-	1,668	-



	Income	Expenditure	Outstanding Balances
	£	£	£
At year ending 31 st July 2019	-	1,103	-
Electrical Contractors' Association is a member of the charitable company			
At year ending 31 st July 2020	-	19,274	(982)
At year ending 31 st July 2019	-	26,376	(200)
Joint Industry Board has its constituent parties with ECA and Unite			
At year ending 31 st July 2020	-	212,716	2,880
At year ending 31 st July 2019	-	179,114	(1,064)

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.

21 Acquisition

On 13 September 2019 the charity acquired the entire share capital of Develop Training Group Limited, gaining control of the company and its subsidiaries. The fair value of the assets and liabilities acquired, together with details of the consideration are set out below:

Asset & liabilities acquired:	NBV	FV adjust	Fair value
Tangible fixed assets	160,000	-	160,000
Debtors	2,500,000	-	2,500,000
Cash	-	-	-
Current liabilities	(2,202,000)	-	(2,202,000)
Non-current liabilities	(350,000)	-	(350,000)
	108,000	-	108,000
Goodwill			24,001
Assets acquired			132,001

Consideration:



Payment	1
Professional fees	82,000
Other costs	50,000
Total consideration	<u>132,001</u>

In the period from acquisition until the reporting date, the Develop Training Group Limited group of companies recorded revenue of £4,493,321 and a loss of £1,304,479.