

Company registration number: 04117784

Charity registration number: 1086947

Skills and Education Group Awards (formerly known as ABC Awards)

(A company limited by guarantee)

Annual Report and Financial Statements

for the Year Ended 31 August 2018

Skills and Education Group Awards (formerly known as ABC Awards)

Contents

| | |
|---|----------|
| Reference and Administrative Details | 1 |
| Trustees' Report | 2-6 |
| Statement of Trustees' Responsibilities | 7 |
| Independent Auditors' Report | 8 to 10 |
| Statement of Financial Activities | 11 |
| Balance Sheet | 12 |
| Notes to the Financial Statements | 13 to 22 |

Skills and Education Group Awards (formerly known as ABC Awards)

Reference and Administrative Details

| | |
|--|--|
| Trustees | J P Yarham (Chair of Trustees) Skills and Education Group E M Hartley J E Lanning G Clipson MBE (appointed 16 October 2018) N W Leigh OBE (resigned 9 January 2018) A G Stott (resigned 24 April 2018) L G Houthy (resigned 24 April 2018) L Tildsley (resigned 24 April 2018) M B Dale (resigned 24 April 2018) V A Hancock (resigned 24 April 2018) H K Richardson (resigned 16 October 2018) |
| Chief Executive Officer | P Eeles |
| Chief Operating Officer and Company Secretary | S N Feneley-Lamb |
| Key Management Personnel | F Grant Director of Awarding Services |
| Principal Office / Registered Office | Robins Wood House Robins Wood Road Aspley Nottingham NG8 3NH |
| Company Registration Number | 04117784 |
| Charity Registration Number | 1086947 |
| Auditor | Milsted Langdon LLP Chartered Accountants and Statutory Auditors Freshford House Redcliffe Way Bristol BS1 6NL |
| Bankers | RBS 56 Market Street Chorley PR7 2SD |
| Solicitors | Browne Jacobson LLP Mowbray House Castle Meadow Road Nottingham NG2 1BJ |

Skills and Education Group Awards (formerly known as ABC Awards)

Trustees' Report

The trustees, who are directors for the purposes of company law, present their report and audited financial statements for the year ended 31 August 2018.

The reference and administrative information set out on page 1 forms part of this report. The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard 102.

1. Structure, governance and management

The organisation is a charitable company limited by guarantee, incorporated on 30 November 2000. The charity changed its name from ABC Awards to Skills and Education Group Awards on 1 September 2018.

The company was established under a Memorandum of Association which established the objectives and powers of the charitable company and is governed under its Articles of Association which were most recently revised in October 2018 to reflect structural and governance changes.

Skills and Education Group Awards is a controlled charity within the wider Skills and Education Group (SEG), which includes:

- Skills and Education Group (SEG), the parent charitable company, limited by guarantee:
Company number: 02640936
Charity number: 1004087
- Open College Network Yorkshire and Humber Region (t/a Certa), a charitable company limited by guarantee:
Company number: 03773914
Charity number: 1088839

There were eight changes to the board of trustees during the year for which these financial statements are approved:

| | |
|----------------|-----------------------------|
| G Clipson MBE | (appointed 16 October 2018) |
| N W Leigh OBE | (resigned 9 January 2018) |
| A G Stott | (resigned 24 April 2018) |
| L R Hourby | (resigned 24 April 2018) |
| L J Tindsley | (resigned 24 April 2018) |
| M B Dale | (resigned 24 April 2018) |
| V A Hancock | (resigned 24 April 2018) |
| H K Richardson | (resigned 16 October 2018) |

Newly appointed trustees were inducted in accordance with the Articles of Association adopted 2 July 2018. Under Article 7.6 "directors (trustees) shall be appointed or removed by the majority of members (from time to time) by service of written notice at the registered office of the association".

The trustees completed a skills audit in the summer of 2018 and identified the balance of skills, expertise and knowledge appropriate for the wider group and to support governance and business operations. Individuals who were deemed to have the skills required were identified through recommendation and the Chair of Trustees and Chief Executive Officer (CEO) met those potential trustees prior to their appointment being put to the full board of trustees.

Skills and Education Group Awards (formerly known as ABC Awards)

Trustees' Report (continued)

1. Structure, governance and management (continued)

Newly appointed trustees were inducted under the direction of the Chair of Trustees and CEO. Induction includes introductory visits to Robins Wood House and the opportunity to meet with key staff in order to gain a better understanding of the group and utilise their strengths.

The board meets formally four times a year and determines the strategic direction of the organisation, regularly reviews its financial position, and ensures risks are being managed effectively.

Trustees regularly review their performance against the Charity Code of Governance (2017).

Day-to-day management of the charity is delegated to the CEO, Paul Eeles, who is supported by an Executive Team of two directors, including the Chief Operating Officer (COO), who deputise for the CEO when appropriate. A scheme of delegation is in place to confirm the responsibilities devolved to the CEO and COO by the board.

The Director of Awarding Services, Fiona Grant, leads day-to-day operations and the COO, Simon Feneley-Lamb is responsible for Finance, IT, Quality, Premises and Projects as well as the Company Secretary for the purpose of company law. The Executive Team regularly meet on a fortnightly basis.

Remuneration for the Executive Team is determined by a Remuneration Committee made up of the Chair of Trustees for each charitable company within the group. Recommendations on pay increases are benchmarked against market conditions within the further education sector and awards that may be made within this sector. Pay awards are also assessed on affordability.

Alongside the Executive Team there is a senior leadership team overseeing the business planning process and who take responsibility for the day-to-day operation of business activities. The Senior Management Team meets on a monthly basis.

Pay for all other staff is subject to recommendation to and approval of the board of trustees.

2. Objectives and activities

The sole objective of the Charity is the advancement of the education and training of young people (14+) and adults (19+) primarily through the provision of nationally recognised qualifications on the Qualifications and Credit Framework (QCF).

The aim of Skills and Education Group Awards (formerly ABC Awards) "ABC" is to provide high quality qualifications, products and services which are relevant, fit with strategic objectives and respond to Government agendas as well as industry, employer and ultimately learner needs. In order to achieve this, ABC's strategy is to enhance, expand, diversify and where appropriate rationalise its offer to provide choice and progression opportunities for learners across its specialist areas and within appropriate national frameworks.

The policies adopted in furtherance of these objects are identified by an annual strategic planning process culminating in a rolling five-year strategic plan that is agreed and monitored by the board of trustees. Monitoring and measurement of success is achieved against agreed Key Performance Indicators (KPI):

- for ABC to be a key partner in the development of at least one of the technical routes or pathways post-16;
- for ABC and their brands to grow qualifications and assessment services, both regulated and unregulated, whilst reducing the overall qualifications and pathways to 350-400 (based on 2018 Open College Network Yorkshire & Humber Region (OCNYHR), trading as 'Certa'(OCNYHR) Awards and ABC Awards total);

Skills and Education Group Awards (formerly known as ABC Awards)

Trustees' Report (continued)

2. Objectives and activities (continued)

- to work with trusted partners to offer qualifications, assessments and Access to HE Diplomas internationally;
- to be recognised for advocating and supporting social mobility; and
- to be a trusted partner of Government, their agencies and key stakeholders around sector development and awarding services.

The trustees have paid due regard to guidance issued by the Charity Commission in deciding what activities the charity should undertake.

Monitoring and measurement of success is against agreed KPIs:

- customer satisfaction;
- staff satisfaction;
- level of turnover;
- level of surplus as a % of turnover; and
- number of members.

KPIs are measured and monitored by:

- customer and staff surveys;
- staff costs base line of between 55% and 58% of costs;
- level of group turnover;
- level of group surplus;
- number of member organisations;
- QAA risk rating;
- achievement of ISO9001 quality standard.
- customer satisfaction;
- staff satisfaction;
- level of turnover;
- level of surplus as a % of turnover; and
- number of centres spending over £10k per annum.

KPIs are measured and monitored by:

- customer and staff surveys;
- monthly management accounts reporting on actual achievement compared with agreed budgets;
- quarterly financial period reporting to the board of trustees; and
- monthly reporting to the Executive and Senior Management Teams on key customers and centre spend.

ABC continues to be closely involved with the Federation of Awarding Bodies (FAB). In October 2016, ABC's Chief Executive was appointed Chair of FAB and has used this position to champion the role of all awarding bodies and inform national policy. In addition, relationships with stakeholders and partnerships with other organisations providing complimentary services, other awarding organisations, key centres, professional bodies and employers has continued to be a key feature of this year's strategy.

Skills and Education Group Awards (formerly known as ABC Awards)

Trustees' Report (continued)

3. Achievement, performance and delivering public benefit

The provision of regulated vocational qualifications to individuals through recognised education institutions and training providers (centres) remains as the core focus of ABC activities. All functions across ABC and the Skills and Education Group "the group" have contributed to the overall achievement of meeting the needs and expectations exceeding the target of 65,000 learners studying across more than 560 centres with over 35,000 awards made.

ABC, through the ABC Awards brand, is an approved partner of the DVSA, providing the MOT sector with both regulated qualifications and accredited assessments through investing in and developing an online assessment (non-accredited) to support testers and the new requirements of ongoing CPD. Over 31,000 MOT testers have undertaken their MOT Annual Assessment (MAA) with ABC this year which represented 52% of the market.

The trustees confirm that they have complied with the requirements of section 17 of the Charities Act 2011 with regard to the public benefit guidance published by the Charity Commission for England and Wales.

From time-to-time, and to further business strategy and objectives, ABC may work in partnership with other charities and organisations. These arrangements are time-limited and governed by Memorandum's of Understanding, contracts and/or partnership agreements. Legal advice on the format and content of such agreements is taken when and where appropriate to do so

4. Future developments

Changing Government policy and regulatory requirements, which may impact on business approaches and financial performance, are also identified as risks, are mitigated by continuous scanning of the external environment and influences within this to identify likely and actual policy changes. ABC also remains fully compliant with all regulatory requirements for Ofqual, CCEA and Qualification Wales. Regulatory compliance is supported by a Scrutiny Group, consisting of both staff and trustees, which monitors and advises on regulatory requirements. Policy and regulatory changes are identified as risk managed through the Risk Register which is monitored by the both the board of trustees and Senior Management Team.

Ofqual regulated qualifications are awarded under the ABC and OCNYHR brands. Over the next year, the process to transfer all Ofqual regulated qualifications to a single regulatory framework under ABC will be completed. The importance and prominence of the brands "ABC Awards" and "Certa Awards" is, however, recognised and these brand names will be retained in the market place.

5. Financial review

Total income for the year was £2,450,266 (2017 - £2,287,331) achieved on expenditure of £1,989,762 (2017 - £1,732,759). This generated a year-end surplus of £460,504 (2017 - £554,572), which at 18.79% of turnover is above the target of 6% set for the year. The balance of unrestricted funds at year-end was £1,147,431 (2017 - £686,927).

The strong performance was, in part, due to the investment in and development of both accredited MOT tester awards and non-accredited MAA, referred to above.

Although there are no current indications that the framework of MAA will change, the board of trustees are mindful that this is a new and developing market and the board of trustees recognise that the market is dependent on continuing DVSA policy and approval and note this risk within the Risk Register.

Skills and Education Group Awards (formerly known as ABC Awards)

Trustees' Report (continued)

6. Risk management

The trustees remain aware of the educational and political environment in which the charity operates and continue to take steps to secure the charity and to build up reserves to mitigate business risk.

Strategic risks are managed and monitored through a risk register which is reviewed and updated on by the Senior Management Team and on a quarterly basis by the board of each charitable company at each meeting. The register is rated on a weighted likelihood and impact scale based on Charity Commission recommendations. Risks and the ways that these are managed also form part of the ISO9001 annual accreditation.

Having assessed the major risks to which the charity is exposed, the trustees are satisfied that systems are in place to mitigate exposure to the major risks.

7. Reserves policy

It is the policy of the charity that unrestricted funds which have not been designated for a specific use should be maintained at a level equivalent to between three and six month's expenditure. The trustees consider reserves at this level will ensure that, in the event of a significant drop in funding, they will be able to continue the charity's current activities while consideration is given to ways in which additional funds may be raised. In line with best practice guidance, the trustees review their reserves policy each year and confirm this level of reserve has been maintained throughout the year.

It is the charity's policy to work to building up reserves to:

- Support the short, medium and long-term objectives of the group;
- Reinvest any surplus funds to support the delivery of high quality awarding services;
- Maintain sufficient reserves that are readily realisable to sustain operations as and when required;
- Cover deficits, when arising, from general reserves;
- Mitigate the risk of unforeseen emergencies or other unexpected requirement of funds; and
- Cover statutory obligations to close down and wind up the charitable group's affairs in an orderly manner if and when required.

Auditor

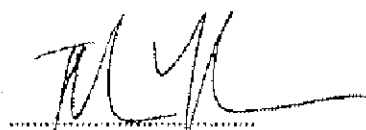
Milsted Langdon LLP served a second term of office as the auditors of the group and this charitable company during the year and have expressed their willingness to continue in that capacity.

Disclosure of information to auditor

Each of the trustees has confirmed that there is no information of which they are aware which is relevant to the audit, but of which the auditor is unaware. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditor is aware of such information.

This report has been prepared in accordance with the provisions available to companies subject to the small companies regime under the Companies Act 2006.

The annual report was approved by the trustees of the charity on 29/04/19 and signed on its behalf by:



J P Yarham
Chair of Trustees

Skills and Education Group Awards (formerly known as ABC Awards)

Statement of Trustees' Responsibilities

The trustees (who are also the directors of Skills and Education Group Awards (formerly known as ABC Awards) for the purposes of company law) are responsible for preparing the trustees' report and the financial statements in accordance with the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable laws and regulations.

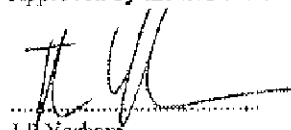
Company law requires the trustees to prepare financial statements for each financial year. Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and 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 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

The trustees are responsible for the maintenance and integrity of the charity and financial information included on the charity's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements.

Approved by the trustees of the charity on 29/01/18 and signed on its behalf by:



J P Yachan
Chair of Trustees

Skills and Education Group Awards (formerly known as ABC Awards)

Independent Auditor's Report to the Members of Skills and Education Group Awards (formerly known as ABC Awards)

Opinion

We have audited the financial statements of Skills and Education Group Awards (formerly known as ABC Awards) for the year ended 31 August 2018, which comprise the Statement of Financial Activities, Balance Sheet, 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 United Kingdom Accounting Standards, comprising Charities SORP - FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and applicable law (United Kingdom Generally Accepted Accounting Practice).

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2018 and of its 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 charity 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.

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 charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

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

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

We have nothing to report in this regard.

Skills and Education Group Awards (formerly known as ABC Awards)

Independent Auditor's Report to the Members of Skills and Education Group Awards (formerly known as ABC Awards)

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 and the Charities Act 2011 requires us to report to you if, in our opinion:

- Adequate and sufficient accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies' regime and to take advantage of the small companies' exemption in preparing the directors' report and from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the Statement of Trustees' Responsibilities set out on page 7, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charity'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 charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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


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 auditors' report.

Skills and Education Group Awards (formerly known as ABC Awards)

**Independent Auditor's Report to the Members of Skills and Education Group Awards
(formerly known as ABC Awards)**

Use of our report

This report is made solely to the charitable company's trustees, 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 charity's trustees 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 its trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Andrew J Jordan (Senior Statutory Auditor)

For and on behalf of Milsted Langdon LLP, Statutory Auditor

Freshford House
Redcliffe Way
Bristol
BS1 6NL

Date: 12/02/2019

Skills and Education Group Awards (formerly known as ABC Awards)

**Statement of Financial Activities for the Year Ended 31 August 2018
(Including Income and Expenditure Account and Statement of Total Recognised Gains
and Losses)**

| | Note | Unrestricted funds £ | Total 2018 £ | Total 2017 £ |
|------------------------------------|------|----------------------------|--------------------|--------------------|
| Income and Endowments from: | | | | |
| Charitable activities | 3 | 2,444,954 | 2,444,954 | 2,197,838 |
| Investment income | 4 | 1,472 | 1,472 | 215 |
| Other income | 5 | 3,840 | 3,840 | 89,278 |
| Total income | | 2,450,266 | 2,450,266 | 2,287,331 |
| Expenditure on: | | | | |
| Charitable activities | 6 | (1,989,762) | (1,989,762) | (1,732,759) |
| Total expenditure | | (1,989,762) | (1,989,762) | (1,732,759) |
| Net income/(expenditure) | | 460,504 | 460,504 | 554,572 |
| Net movement in funds | | 460,504 | 460,504 | 554,572 |
| Reconciliation of funds | | | | |
| Total funds brought forward | | 686,927 | 686,927 | 132,355 |
| Total funds carried forward | 17 | 1,147,431 | 1,147,431 | 686,927 |

There were no other gains or losses other than those stated above.

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

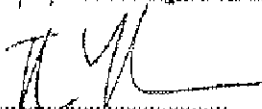
The funds breakdown for 2018 and 2017 is shown in note 17.

Skills and Education Group Awards (formerly known as ABC Awards)

**(Registration number: 04117784)
Balance Sheet as at 31 August 2018**

| | Note | 2018 £ | 2017 £ |
|--|------|------------------|------------------|
| Fixed assets | | | |
| Intangible assets | 11 | 41,399 | 16,849 |
| Tangible assets | 12 | - | - |
| | | <u>41,399</u> | <u>16,849</u> |
| Current assets | | | |
| Debtors | 13 | 89,104 | 247,071 |
| Cash at bank and in hand | | <u>1,132,050</u> | <u>675,869</u> |
| | | 1,221,154 | 922,940 |
| Creditors: Amounts falling due within one year | 14 | <u>(115,122)</u> | <u>(252,862)</u> |
| Net current assets | | <u>1,106,032</u> | <u>670,078</u> |
| Net assets | | <u>1,147,431</u> | <u>686,927</u> |
| Funds of the charity: | | | |
| Unrestricted income funds | | | |
| Unrestricted funds | | <u>1,147,431</u> | <u>686,927</u> |
| Total funds | 17 | <u>1,147,431</u> | <u>686,927</u> |

The financial statements on pages 11 to 22 were approved by the trustees, and authorised for issue on 29/01/19, and signed on their behalf by:


.....
J P Yarnham
Chair of Trustees

Skills and Education Group Awards (formerly known as ABC Awards)

Notes to the Financial Statements for the Year Ended 31 August 2018

1 Charity status

The charity is a company limited by guarantee, incorporated in England and Wales, and consequently does not have share capital. Each of the trustees is liable to contribute an amount not exceeding £1 towards the assets of the charity in the event of liquidation.

The address of its registered office is:

Robins Wood House
Robins Wood Road
Aspley
Nottingham
NG8 3NH

These financial statements were authorised for issue by the board on 22 January 2019.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

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

Statement of compliance and 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) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102). They also comply with the Companies Act 2006 and Charities Act 2011.

Skills and Education Group Awards meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy notes.

Going concern

The trustees have prepared financial projections, taking into consideration the current economic climate and its potential impact on the sources of income and planned expenditure.

Based on these projections, at the time of approving the accounts, the Trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. Consequently, the trustees continue to adopt the going concern basis of accounting in preparing the accounts.

Exemption from preparing a cash flow statement

The charity has taken advantage of the available exemptions and has therefore not included a cash flow statement in these financial statements.

Skills and Education Group Awards (formerly known as ABC Awards)

Notes to the Financial Statements for the Year Ended 31 August 2018

2 Accounting policies (continued)

Income and endowments

All income is included in the Statement of Financial Activities when the charity is entitled to the income, the receipt is probable and the amount can be measured with sufficient reliability:

- Monies received from training organisations are accounted for by the charity when receivable;
- Where income is received specifically for expenditure in a future accounting period, that amount is deferred; and
- Investment income is accounted for on the accruals basis

Taxation

The charity is exempt from corporation tax to the extent that any other income or gains are applied in furtherance of the charitable objects.

Fixed assets

Fixed assets costing £500 or more are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the Statement of Financial Activities for the year.

Depreciation and amortisation

Asset class

Tangible

Computer equipment

Marketing equipment

Depreciation method and rate

33% straight line

33% straight line

Intangible

Website

20% straight line

Impairment of fixed assets

At each reporting end date, the charity reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any).

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

Employee benefits

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the charity is demonstrably committed to terminate the employment or to provide termination benefits.

Retirement benefits

Retirement benefits are provided to employees of the charity, in the form of payments to defined contribution retirement benefit schemes. These costs are charged as an expense as they fall due and the assets of the schemes are held separately from those of the charity.

Skills and Education Group Awards (formerly known as ABC Awards)

Notes to the Financial Statements for the Year Ended 31 August 2018

2 Accounting policies (continued)

All employee benefits are provided by the charitable companies controlling organisation and included within the recharged costs recognised within the financial statements.

Trade debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flow have been affected. The impairment loss is recognised in the Statement of Financial Activities.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less.

Trade creditors

Trade creditors, other creditors, loan 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, loan and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

Financial instruments

Classification

Financial assets and financial liabilities are recognised when the charity becomes a party to the contractual provisions of the instrument.

Financial liabilities are classified according to the substance of the contractual arrangements entered into.

Recognition and measurement

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through the Statement of Financial Activities, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the balance sheet when, and only when there exists a legally enforceable right to set off the recognised amounts and the charity intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the charity transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the charity, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

Fund structure

Unrestricted income funds are general funds that are available for use at the trustees' discretion in furtherance of the objectives of the charitable company.

Skills and Education Group Awards (formerly known as ABC Awards)

Notes to the Financial Statements for the Year Ended 31 August 2018

3 Income from charitable activities

| | Total 2018 £ | Total 2017 £ |
|----------------|-----------------------------|-----------------------------|
| Accredited | 1,494,429 | 1,418,814 |
| Non-Accredited | 950,525 | 779,024 |
| | <u>2,444,954</u> | <u>2,197,838</u> |

Income within this classification represents course and licencing fees and assessment income.

All income recognised within this classification is accounted for within unrestricted funds, for both the current and the proceeding financial year.

4 Investment income

| | Total 2018 £ | Total 2017 £ |
|--|-----------------------------|-----------------------------|
| Interest receivable and similar income | <u>1,472</u> | <u>215</u> |

All income recognised within this classification is accounted for within unrestricted funds, for both the current and the proceeding financial year.

Skills and Education Group Awards (formerly known as ABC Awards)

Notes to the Financial Statements for the Year Ended 31 August 2018

5 Other income

| | Total 2018 £ | Total 2017 £ |
|-----------------------|--------------------|--------------------|
| Service charge income | - | 84,052 |
| Other income | 3,840 | 5,226 |
| | <u>3,840</u> | <u>89,278</u> |

All income recognised within this classification is accounted for within unrestricted funds, for both the current and the proceeding financial year.

6 Expenditure on charitable activities

| | Activity undertaken directly £ | Activity support costs £ | Total 2018 £ | Total 2017 £ |
|---------------------------|---|--------------------------------|--------------------|--------------------|
| Staff costs | 283,224 | - | 283,224 | 273,000 |
| Moderator costs | 113,923 | - | 113,923 | 104,230 |
| Centre approval costs | 5,196 | - | 5,196 | 3,546 |
| Certificates | 2,864 | - | 2,864 | 27,653 |
| QLS audit | 18,350 | - | 18,350 | 19,124 |
| Centre audit | 5,002 | - | 5,002 | 3,343 |
| Bad debt expense | (928) | - | (928) | (1,521) |
| Finance charges | 7,900 | - | 7,900 | 9,090 |
| Share of support costs | - | 1,549,731 | 1,549,731 | 1,290,389 |
| Share of governance costs | - | 4,500 | 4,500 | 3,905 |
| | <u>435,531</u> | <u>1,554,231</u> | <u>1,989,762</u> | <u>1,732,759</u> |

All expenditure recognised within this classification is accounted for within unrestricted funds, for both the current and the proceeding financial year.

Skills and Education Group Awards (formerly known as ABC Awards)

Notes to the Financial Statements for the Year Ended 31 August 2018

7 Analysis of support and governance costs

Charitable activities expenditure

| | Total 2018 £ | Total 2017 £ |
|----------------|--------------------|--------------------|
| Accredited | 1,249,335 | 1,167,549 |
| Non-Accredited | 740,427 | 565,210 |
| | <u>1,989,762</u> | <u>1,732,759</u> |

Support costs allocated to charitable activities

| | Basis of allocation | Governance costs £ | Support costs £ | Total 2018 £ | Total 2017 £ |
|--|------------------------|--------------------------|--------------------|--------------------|--------------------|
| Staff costs | A | - | 1,001,800 | 1,001,800 | 746,791 |
| Depreciation | A | - | 8,425 | 8,425 | 8,610 |
| Business stationery | B | - | 4,557 | 4,557 | - |
| Marketing and business development | B | - | 43,550 | 43,550 | 38,865 |
| Legal, professional and insurance | B | - | 5,978 | 5,978 | 4,235 |
| Travel, subsistence and conference costs | B | - | 37,039 | 37,039 | 28,670 |
| Bank charges | B | - | 2,138 | 2,138 | 1,936 |
| Development costs | B | - | 4,510 | 4,510 | 15,612 |
| Commission | B | - | 3,437 | 3,437 | 12,828 |
| Sundry expenses | B | - | 13,450 | 13,450 | 9,899 |
| Parent supplied recharges | B | - | 334,371 | 334,371 | 388,982 |
| IT expenses | B | - | 37,326 | 37,326 | 33,961 |
| Accommodation | B | - | 2,171 | 2,171 | - |
| Irrecoverable VAT | B | - | 16,522 | 16,522 | - |
| Donations | B | - | 34,457 | 34,457 | - |
| Audit and accounting | A | 4,500 | - | 4,500 | 3,905 |
| | | <u>4,500</u> | <u>1,549,731</u> | <u>1,554,231</u> | <u>1,294,294</u> |

Basis of allocation

| Reference | Method of allocation |
|-----------|-----------------------|
| A | Directly attributable |
| B | % of income |

Skills and Education Group Awards (formerly known as ABC Awards)

Notes to the Financial Statements for the Year Ended 31 August 2018

8 Net incoming resources

Net incoming resources for the year include:

| | 2018 | 2017 |
|-----------------------------------|--------------|--------------|
| | £ | £ |
| Audit fees | 4,500 | 3,905 |
| Depreciation of fixed assets | - | 185 |
| Amortisation of intangible assets | <u>8,425</u> | <u>8,425</u> |

9 Trustees remuneration and expenses

No trustees, nor any persons connected with them, have received any remuneration or other benefits from the charity during the year.

One trustee was reimbursed travelling expenses totalling £195 (2017 - £nil) from the charity during the year. No other expenses or benefits were paid by the charity to trustees.

10 Staff costs

The aggregate payroll costs were as follows:

| | 2018 | 2017 |
|-----------------------|------------------|------------------|
| | £ | £ |
| Wages and salaries | 1,080,110 | 856,888 |
| Social security costs | 104,889 | 81,652 |
| Other pension costs | <u>100,025</u> | <u>81,251</u> |
| | <u>1,285,024</u> | <u>1,019,791</u> |

The charity did not directly employ any members of staff in the current or comparative year and therefore no employees has remuneration greater than £60,000 in either year.

The above costs represent staff, including key management personnel, working on behalf of the charity but paid through the parent controlling organisation. These costs represent a mixture of direct and support costs which are analysed separately within the relevant notes.

The Trustees consider that key management personnel comprise of:

Chief Executive Officer

Chief Operating Officer

Director of Awarding Services

The costs incurred in respect of key management personnel for the year amounted to £198,109.

Skills and Education Group Awards (formerly known as ABC Awards)

Notes to the Financial Statements for the Year Ended 31 August 2018

11 Intangible fixed assets

| | Website £ | Total £ |
|-----------------------|--------------|------------|
| Cost | | |
| At 1 September 2017 | 39,690 | 39,690 |
| Additions | 32,975 | 32,975 |
| At 31 August 2018 | 72,665 | 72,665 |
| Amortisation | | |
| At 1 September 2017 | 22,841 | 22,841 |
| Charge for the year | 8,425 | 8,425 |
| At 31 August 2018 | 31,266 | 31,266 |
| Net book value | | |
| At 31 August 2018 | 41,399 | 41,399 |
| At 31 August 2017 | 16,849 | 16,849 |

12 Tangible fixed assets

| | Computer equipment £ | Marketing equipment £ | Total £ |
|---------------------|----------------------------|-----------------------------|------------|
| Cost | | | |
| At 1 September 2017 | 10,331 | 4,644 | 14,975 |
| At 31 August 2018 | 10,331 | 4,644 | 14,975 |
| Depreciation | | | |
| At 1 September 2017 | 10,331 | 4,644 | 14,975 |
| At 31 August 2018 | 10,331 | 4,644 | 14,975 |
| At 31 August 2018 | - | - | - |
| At 31 August 2017 | - | - | - |

13 Debtors

| | 2018 £ | 2017 £ |
|--------------------------------|-----------|-----------|
| Trade debtors | 65,801 | 219,262 |
| Prepayments and accrued income | 22,180 | 27,809 |
| Other debtors | 1,123 | - |
| | 89,104 | 247,071 |

Skills and Education Group Awards (formerly known as ABC Awards)

Notes to the Financial Statements for the Year Ended 31 August 2018

14 Creditors: amounts falling due within one year

| | 2018 | 2017 |
|------------------------------------|----------------|----------------|
| | £ | £ |
| Trade creditors | 1,100 | 54,341 |
| Due to group undertakings | 36,831 | 114,611 |
| Other taxation and social security | 2,166 | 4,921 |
| Other creditors | 91 | 11,209 |
| Accruals | 19,532 | 37,985 |
| Deferred income (note 15) | 55,402 | 29,795 |
| | <u>115,122</u> | <u>252,862</u> |

15 Deferred income

| | 2018 |
|--|-----------------|
| | £ |
| Deferred income at 1 September 2017 | 29,795 |
| Resources deferred in the period | 55,402 |
| Amounts released from previous periods | <u>(29,795)</u> |
| Deferred income at 31 August 2018 | <u>55,402</u> |

Deferred income is arising from unused assessment vouchers and monies received in advance for learner registrations on accredited and non-accredited courses.

16 Financial instruments

| | 2018 | 2017 |
|---|---------------|----------------|
| | £ | £ |
| Carrying amount of financial assets | | |
| Debt instruments measured at amortised cost | <u>65,801</u> | <u>219,262</u> |
| Carrying amount of financial liabilities | | |
| Liabilities measured at amortised cost | <u>1,100</u> | <u>54,341</u> |

Skills and Education Group Awards (formerly known as ABC Awards)

Notes to the Financial Statements for the Year Ended 31 August 2018

17 Funds

| | Balance at 1 September 2017 £ | Incoming resources £ | Resources expended £ | Balance at 31 August 2018 £ |
|--|-------------------------------------|----------------------------|----------------------------|-----------------------------------|
|--|-------------------------------------|----------------------------|----------------------------|-----------------------------------|

Unrestricted funds

| | | | | |
|--------------|----------------|------------------|--------------------|------------------|
| General fund | <u>686,927</u> | <u>2,450,266</u> | <u>(1,989,762)</u> | <u>1,147,431</u> |
|--------------|----------------|------------------|--------------------|------------------|

| | Balance at 1 September 2016 £ | Incoming resources £ | Resources expended £ | Balance at 31 August 2017 £ |
|--|-------------------------------------|----------------------------|----------------------------|-----------------------------------|
|--|-------------------------------------|----------------------------|----------------------------|-----------------------------------|

Unrestricted funds

| | | | | |
|--------------|----------------|------------------|--------------------|----------------|
| General fund | <u>132,355</u> | <u>2,287,331</u> | <u>(1,732,759)</u> | <u>686,927</u> |
|--------------|----------------|------------------|--------------------|----------------|

18 Analysis of net assets between funds

| | Unrestricted funds General £ | Total funds £ |
|-------------------------|---------------------------------------|------------------|
| Intangible fixed assets | 41,399 | 41,399 |
| Current assets | 1,221,154 | 1,221,154 |
| Current liabilities | <u>(115,122)</u> | <u>(115,122)</u> |
| Total net assets | <u>1,147,431</u> | <u>1,147,431</u> |

19 Related party transactions

Transactions between the charitable company and the controlling party are not disclosed in these financial statements because the consolidated financial statements of the group, in which this charitable company is included, are publicly available.

20 Parent and ultimate parent undertaking

The charity is managed and controlled by its immediate and ultimate parent Skills and Education Group, which is a registered charity and a company limited by guarantee and incorporated in England and Wales.

The most senior parent entity producing publicly available consolidated financial statements is Skills and Education Group. These financial statements are available upon request from Skills and Education Group, Robins Wood House, Robins Wood Road, Aspley, Nottingham, Nottinghamshire, NG8 3NH.