

**Registered number: 04274770**  
**Charity number: 1091711**

**INDEPENDENT TRAINING SERVICES LIMITED**

**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JULY 2021**

**INDEPENDENT TRAINING SERVICES LIMITED**  
**(A company limited by guarantee)**

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**INDEPENDENT TRAINING SERVICES LIMITED**  
**(A company limited by guarantee)**

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE COMPANY, ITS TRUSTEES AND ADVISERS  
FOR THE YEAR ENDED 31 JULY 2021**

**Trustees**

Miss. K Dickinson, Chair  
Mrs. H E Jaggar  
Mr. I K Koursis  
Mr. D E MacDougall  
Mr. A J Parker

**Company Secretary**

Mrs. H Jackson

**Company registered number**

04274770

**Charity registered number**

1091711

**Registered office**

Queens Court Business Centre, Regent Street, Barnsley, South Yorkshire, England, S70 2EG

**Managing Director**

Steve Hepworth

**Independent auditors**

Grant Thornton UK LLP, No 1 Whitehall Riverside, Leeds, LS1 4BN

**Bankers**

National Westminster Bank plc, 26 Market Hill, Barnsley, South Yorkshire, S70 2QE

**Solicitors**

DAC Beachcroft, St Pauls House, 23 Park Square South, Leeds, LS1 2ND

**INDEPENDENT TRAINING SERVICES LIMITED**  
**(A company limited by guarantee)**

**TRUSTEES' REPORT**  
**FOR THE YEAR ENDED 31 JULY 2021**

**Chair's foreword**

2020/21 has been another challenging year for Independent Training Services (ITS). In year the Board of Trustees monitored closely the execution of the operational plan and our progress made delivering our 2020/21 business plan. The organisation remains focused on improving our financial health to ensure we can invest in the delivery of our promise; thus providing the best education and training experience for our learners (students) and local businesses. We were on track to exceed the business plan prior to COVID-19, however the pandemic had an adverse effect on apprenticeship recruitment and the financial performance of the company.

Miss. K Dickinson, Chair, Board of Trustees

**Managing Directors Introduction**

The year has been a difficult year due to various external factors including COVID-19 which has had a significant impact on income. The operational performance throughout the year has seen a downturn on government funded apprenticeship and our non-government training services. COVID-19 has restricted our ability to recover this position on these funded streams. Government support packages were accessed in year to reduce the overall financial impact on the business.

ITS were successful in extending European funded contracts into 2020/21 and these have supported further financial benefits and allowed ITS to diversify the training offer and expand to a wider audience. In addition, we have been successful in gaining new European and Department of Work and Pensions (DWP) contracts to support the Sheffield City and North East Derbyshire regions. These will start to take shape in 2021/22.

The quality of provision has been good overall but this has been impacted by COVID-19. Our continued support for apprentices and employers has allowed us to retain apprentices on courses but it has had a negative effect on the achievement rates with the time taking to complete under the circumstances. Our adult and European funded provision has been outstanding throughout the year delivering excellent outcomes for learners locally and regionally.

We are starting to see positive signs of previous changes to our subsidiary Smartstyle Technology Training Limited (Smartstyle). This area of the business is well positioned to move forward for future years. The commercial training market has been non-existent during COVID-19 so further changes and support packages were implemented during the year to protect the financial performance. Additional contracts and partnerships have been built and these will positively impact Smartstyle moving forward.

Our people remain passionate and committed to our core purpose and have demonstrated a positive andwelcomed team approach to ensure we are stronger and have greater resilience to continue our journey.

**Steve Hepworth**  
**Managing Director**

## **INDEPENDENT TRAINING SERVICES LIMITED**

**(A company limited by guarantee)**

### **TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 JULY 2021**

The Trustees present their annual report together with the audited financial statements of Independent Training Services Limited (the company / ITS) for the parent company and group for the period 1 August 2020 to 31 July 2021. 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 and the provisions of the Statement of Recommended Practice (SORP), applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019).

#### **STRUCTURE, GOVERNANCE AND MANAGEMENT**

The company and the group is registered as a charitable company limited by guarantee and was set up by a Memorandum of Association on 22 August 2001. The company and the group is constituted under a Memorandum of Association, registered charity number 1091711 and company (limited by guarantee) number 4274770.

The Board of Trustees changed in 2018/19 following the acquisition by Barnsley College. The trustees monitor the organisation's performance through a formal board which meets four times a year. The Board monitors the finance, performance and quality of ITS and Smartstyle and invitations are made to other senior leadership team members as appropriate. As required by the Articles of Association, an Annual General Meeting is held on a yearly basis.

The governance model changed in 2019/20 to bring it into line with the College. There is a formal procedure for the induction and training of trustees that mirrors that of Barnsley College.

#### **Trustees**

The Trustees are appointed by the Board of Trustees. The trust deed allows for a minimum of five Trustees and no more than twelve. One third (or the number nearest one third) of the Trustees must retire each year, those longest in office retiring first. A retiring Trustee who remains qualified may be reappointed.

#### **Meetings**

The Board of Trustees meet every quarter. At the meetings, the Trustees agree the broad strategy and areas of activity of the company, including ratification of grants that are made and a review of the live risk register.

#### **Policies and Procedures adopted for Recruitment, Induction and Training of Trustees**

The Board keeps the skill requirements for the Trustee Body under review. Any recruitment of new Trustees is undertaken by open advertisement and through a dialogue with interested parties. When an individual expresses an interest in becoming a Trustee, an initial meeting is held with the Chair. A proposal to appoint a new Trustee is submitted to the Board for approval. Once an appointment has been made, the newly elected Trustee undergoes an induction programme. The company keeps up-to-date with key developments and training is provided to Trustees as and when required.

#### **Financial Plan and Budget**

The company now adopts the College's business planning and performance review cycle. Business plans are completed annually and reviewed by the senior leadership team at the college. Performance reviews are completed quarterly and review all aspects of the business performance. The detailed business plan and accompanying budget are submitted for approval by the Board of Trustees on an annual basis. The day-to-day running of the company is delegated to the Managing Director, who has the power to act and take decisions, as long as they are contained within the plan. Any deviations from or additions to the plan have to receive approval from the Board of Trustees. The Managing Director submits a written report detailing progress and future planned activity to all Board meetings. The Company continues to produce an annual Self-Assessment Report (SAR) which is validated by the College and approved by the ITS Board of Trustees.

## **INDEPENDENT TRAINING SERVICES LIMITED**

**(A company limited by guarantee)**

### **TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 JULY 2021**

#### **Our Objectives and activities**

##### **MISSION**

We provide inclusive services offering training, education and lifelong learning opportunities, the achievement of appropriate qualifications and sustainable employment.

##### **VISION**

Our Vision is to be the partner of choice, leading the way through innovation and excellence. We will achieve this by:

- Developing a range of products to meet the diverse needs of learners, employers and customers.
- Ensuring our delivery is cutting edge, personalised and responsive resulting in successful outcomes.
- Sharing our success to benefit and develop our local communities.
- Ensuring that we are recognised for what we do, and the way that we do it.

##### **Public Benefit**

In pursuance of the objects set out above the Company benefits individuals and employers in the Barnsley Area and the wider community throughout the Yorkshire, Humber and Midlands regions.

The Trustees have regard to Charity Commission guidance on public benefit when planning strategy, aims and activities.

#### **Achievements and performance**

##### **Key achievements in 2020/21**

- Extended two European contracts to deliver training across the Sheffield City Region and North East Derbyshire.
- Successfully won a further European contract and a DWP contract.
- Retained Matrix standard for the quality of information, advice and guidance.
- Retained Skills for Care centre of excellence standard.
- Achieved 96% on all adult education and training programmes. This is 3 year positive upward trend
- Achieved 97% achievement on ESF subcontracted provision (600 learning aims).
- Achieved over 70% progression rate into a positive destination.
- Delivered ESFA Adult Education contract allocation.
- Achieved 99% achievement on subcontracted provision with Barnsley College.
- Introduced new Adult Skills team.
- Centralised quality as a key shared service with Barnsley College.
- Secured national apprenticeship levy contract.
- Launched new distance learning academy

## **INDEPENDENT TRAINING SERVICES LIMITED**

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### **TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 JULY 2021**

#### **Learners 2020/21**

Learners remain central to our focus and purpose. During 2020/21 we carried out internal learner surveys. Due to COVID-19 there were no external ESFA surveys completed on learners in 2020/21.

250 learners responded to our internal learner survey and the results are as follows:

The overall satisfaction in the apprenticeship on programme survey showed 95% of learners would recommend ITS as a training provider. Other key positives:

- 100% agree to they know how to keep themselves safe at work.
- 98% agreed they were aware who to contact if they didn't feel safe.
- 95% agreed that teaching and learning activities enable them to make good progress.

#### **Employers and clients 2020/21**

Our employer base has increased in 2020/21 with the introduction of a new team and new contracts working with employers across all aspects of education and training. In total ITS are currently working with over 200 employers.

An integral part of our success is the effective engagement of employers, whether they are local, regional or national. Our employer base has actively engaged with us in workforce development, apprenticeships, commercial training and pre-employment training leading to employment.

Overall 98% of employers are extremely likely to recommend ITS.

#### **Financial Review**

The overall effects of changes in the sector and COVID-19 had an adverse impact on our income, and although costs have been managed the overall outcome was disappointing. Income of £1.6m and net income of £0.2m are lower than expected prior to the pandemic. The company accessed £31k from the Coronavirus Job Retention Scheme (CJRS) and also £139k from the ESFA supplier relief which helped but it wasn't sufficient to cover the loss compared to pre-COVID-19 expectations.

The company set an income budget of £2m for the year but fell short of this as businesses restricted spending on training. This and a reduction in the apprenticeship funding accounts for the income loss.

The company restricted staff costs and also the relocation of premises contributed to cost reduction. The overall net income of £171k is a small improvement on the budget. This marks significant progress in the company's financial management in response to income shortfalls.

The group net liability position has reduced from £442k in 2019/20 to £17k. This is a step in the right direction despite the impact of COVID-19.

The ESFA financial Health for the year is Satisfactory.

#### **Financial Statements**

The financial statements have been prepared under the historical cost convention and in accordance with Statement of Recommended Practice 'Accounting and Reporting by Charities' (issued in October 2019) and applicable United Kingdom accounting standards including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland. The movement in funds is shown on the Statement of Financial Activities. The company generated income in excess of expenditure on its unrestricted funds of £169,933 (2020: £49,118).

The company's total deficit funds amounted to £17,173 at 31 July 2021 (2020: £442,106).

## **INDEPENDENT TRAINING SERVICES LIMITED**

**(A company limited by guarantee)**

### **TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 JULY 2021**

#### **Reserves Policy**

The reserves of the company are composed of restricted and unrestricted funds.

**Unrestricted Reserves:** The Trustees are committed to building up general reserves to ensure that the core activities of the company will continue into the future. At 31 July 2021 the company has unrestricted reserves deficit of £17,173. Excluding the pension fund deficit of £322,000 the company has unrestricted funds of £304,827.

The Trustees are delighted to report significant progress in the reduction of the unrestricted reserves deficit during 2020/21. The reserves of the company are forecast to increase over the next year as the company increases its focus on financial stability.

**Restricted Reserves:** The composition of, and movement in, restricted reserves is shown in note 12 to the financial statements.

#### **Fundraising Policy**

The company does not undertake any fundraising activities.

#### **The future outlook 2021/22**

ITS continue to operate under difficult circumstances with growth being restricted in some areas due to COVID-19. ITS has the platform to grow and an excellent team that will help ITS drive forward to be a recognisable national training provider providing key workforce development solutions to learners and employers of all sizes. This is the plan to grow ITS long term.

ITS have expanded into new markets to better position for future funded contracts and to work with a wider geographical footprint. Support from Barnsley College has already allowed ITS to gain new contracts and ITS have performed exceptionally well on these so far leading to growth. This growth moving forward will be focused on the Sheffield City Region due to national changes to funding regionally and this will be developed further into new areas in 2020/21.

The apprenticeship market is still very unpredictable but the initial signs of recovery are good which is positive for ITS. Government funding has changed significantly over the past two years and adapting to this change has been a strength of ITS as it is extremely responsive to the market. Key priorities over the 2021/22 academic year will be:

- Safeguard all our staff, learners and apprentices.
- Continue to improve the financial position of ITS and SmartStyle.
- Improve the quality of apprenticeship provision and increase apprenticeship achievement rates.
- Deliver all funded and non budget contracts and allocations.
- Gain national apprenticeship levy contracts.
- Gain additional funded contracts regionally and nationally
- Support Barnsley College and assist the delivery of key government priorities as part of the wider group.
- Continue and fully implement the integration with Barnsley College.

The key financial priorities for ITS are:

- Improve operating performance to generate surplus of at least 10% of income
- Achieve a net asset position
- Improve the ESFA Financial Health score to Good.



## INDEPENDENT TRAINING SERVICES LIMITED

(A company limited by guarantee)

### TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 JULY 2021

#### Going Concern

The group balance sheet shows net liabilities of £17,173 (2020: £442,106) and the profit for the year before actuarial gains was £169,933 (2020: £49,118). The company has made significant improvements to its financial position and is expected to make a profit again in 2021/22.

The ongoing economic impact of COVID-19 on the apprenticeship market and the commercial training market is a risk to the company achieving its financial forecasts. The company is delivering training online and is monitoring the external environment closely. The company has taken advantage of government schemes including ESFA supplier relief and the Coronavirus Job Retention Scheme and will continue to do so as far as it is eligible. During this time expenditure is minimised and new staff recruitment is on hold until income is secured.

The going concern assessment considered the company financial operating forecasts and cash flow forecasts to July 2023. The company has sufficient cash funds throughout this period. The cash flow is sensitive to delays in cash receipts and therefore contains some risk that it will not have sufficient cash to cover its debt. Barnsley College, the parent company is comfortable based on forecasts that it has the ability to support its subsidiary entities and has confirmed they will financially support the company until at least July 2023 including support for ITS's subsidiary Smartstyle Technology Training Limited which has negative net assets. As such, the Trustees are of the view that, based on detailed budgets and cash flow forecasts, the group will be able to pay its debts as they fall due and therefore the group is a going concern.

#### Exemptions from disclosure

Since the company and the group qualifies as small under section 383, the strategic report required of medium and large companies under The Companies Act 2006 (Strategic Report and Director's Report) Regulations 2013 is not required.

No separate Statement of Financial Activities has been presented for the company alone as permitted by section 408 of the Companies Act 2006.

#### Funds held as custodian trustee on behalf of others

The company does not hold any funds as a custodian trustee on behalf of others.

#### Developments

We continue to invest heavily in the use of technology both for our support services and for our teaching and learning. In 2020/21 this included investment in online learning resources, online teaching platforms and online additional support platforms to support our learners during these challenging times. This is increasingly important for us as COVID-19 continues.

ITS continue to be one of the highest performing subcontractors across the whole of the supply chain for The Growth Company (GC). We are working with them on a new Digital Skills contract and some contracts with DWP and the local authority.

Whilst commercial training is not a priority for customers, we are utilising the Smartstyle customer base to engage with the levy paying employers, who were not aware of ITS and the apprenticeship provision we deliver. To date, this has led to positive discussions with three additional levy employers.

ITS and Barnsley College continue to work through key areas of shared services. Key areas include the ITS website, external promotional material for employers and campaigns to generate new business. ITS are also due to launch the central on boarding system for apprenticeships in conjunction with Barnsley College.

## **INDEPENDENT TRAINING SERVICES LIMITED**

**(A company limited by guarantee)**

### **TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 JULY 2021**

#### **Risk Management and Principal Risks**

The risk management system includes an assessment of the greatest risks to the company against financial, operational and student impact which is designed to protect the company's assets and reputation.

A comprehensive review of the risks to which the company is exposed is undertaken and acknowledged in the Board Assurance Framework (BAF). The Board Assurance Framework identifies the key risks, the likelihood of those risks occurring, their potential impact on the college and the actions being taken to reduce and mitigate the risks and covers assurance gained. Systems and procedures are identified which mitigate potential impact on the company. In addition to the annual review we will also consider any risks which may arise as a result of a new area of work being undertaken by the college.

The pandemic continues to be the biggest challenge that ITS are currently facing. Feedback given during business development activity is that employers have stated their priority is trying to remain in business and they are reluctant to commit to recruiting an apprentice. This is having a big impact on the generation of non-levy business especially. Commercial training budgets have been cut which has resulted in customers postponing and cancelling training until at least the end of March 2021. Despite continuous engagement activity with the customer database, business opportunities have reduced dramatically which has had an impact on the income generation. The company continues to access the CJRS and ESFA supplier relief where possible. In addition, staff recruitment is on hold until new income is secured. The financial position is being monitored and assessed on a monthly basis.

Our historic local Government Pension Scheme administrated by South Yorkshire Pensions Authority (SYPA) shows an actuarial deficit figure of £322k. A reduction of £243k since July 2020. Although this is a variable figure (due to the nature of the investment market and plus/minus share value) we have, under the FRS 102 accounting rules, shown this as a potential liability within our balance sheet. We have agreed an annual contribution fee for current scheme members, which is shown in the SOFA. We work closely with SYPA and Grant Thornton our Accountants, to ascertain an annual actuarial statement, to ensure we conform and comply with the FRS and HMRC treatment of multi-employer pensions' scheme.

UK Government's agency ESFA continue with their radical reform to apprenticeships, which has been planned since a review in 2012, and has resulted in a new register of training providers. The three changes included; new standards which impacts on the current delivery model; an employer levy system which impacts on the funding model; and a new procurement system which impacts on current annual contract.

**INDEPENDENT TRAINING SERVICES LIMITED****(A company limited by guarantee)****TRUSTEES' REPORT (continued)  
FOR THE YEAR ENDED 31 JULY 2021****TRUSTEES' RESPONSIBILITIES STATEMENT**

The Trustees (who are also directors of Independent Training Services Limited for the purposes of company law) are responsible for preparing the Trustees' 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. 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 the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period. In preparing these financial statements, the Trustees are required to:

- Select suitable accounting policies and then apply them consistently.
- Observe the methods and principles in the Charities SORP.
- Make judgments and accounting estimates that are reasonable and prudent.
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable group will continue in operation.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company and the group's transactions and disclose with reasonable accuracy at any time the financial position of the charitable group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**DISCLOSURE OF INFORMATION TO AUDITORS**

Each of the persons who are Trustees at the time when this Trustees' report is approved has confirmed that:

- So far as that Trustee is aware, there is no relevant audit information of which the charitable group's auditors are unaware.
- Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charitable group's auditors are aware of that information.

This report was approved by the Trustees on 14 December 2021 and signed on their behalf by:



.....  
**Yiannis Koursis**

15/12/2021

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND TRUSTEES OF INDEPENDENT TRAINING SERVICES LIMITED**

### **Opinion**

We have audited the financial statements of Independent Training Services Limited (the 'parent charitable company') and its subsidiary (the 'group') for the year ended 31 July 2021, which comprise the Consolidated statement of financial activities, Consolidated statement of financial position, Company statement of financial position, Consolidated statement of cash flows 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 2021 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 and Charities Act 2011.

### **Basis for opinion**

We have been appointed auditor under the Companies Act 2006 and section 151 of the Charities Act 2011 and report in accordance with those Acts. 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 the parent charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

We are responsible for concluding on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and the parent charitable company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the group or parent charitable company to cease to continue as a going concern.

In our evaluation of the trustees' conclusions, we considered the inherent risks associated with the group's and parent charitable company's business model including effects arising from macro-economic uncertainties such as Brexit and Covid-19, we assessed and challenged the reasonableness of estimates made by the trustees and the related disclosures and analysed how those risks might affect the group's and parent charitable company's financial resources or ability to continue operations over the going concern period.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and parent charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

The responsibilities of the trustees with respect to going concern are described in the 'Responsibilities of trustees for the financial statements' section of this report.

**Other information**

The trustees are responsible for the other information. The other information comprises the information included in the Trustees' 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.

**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 Directors' Report, prepared for the purpose of company law, included in the Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Directors' Report included in the Trustees' Report has been prepared in accordance with applicable legal requirements.

**Matter on which we are required to report under the Companies Act 2006**

In the light of the 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 or the Directors' Report included in the Trustees' Report.

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

We have nothing to report in respect of the following matters where the Companies Act 2006 and Charities Act 2011 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 trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption from the requirement to prepare a strategic report.

**Responsibilities of the trustees for the financial statements**

As explained more fully in the Trustees' Responsibilities Statement as set out on page 9, 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 misstatements, whether due to fraud or error.

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

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

## **Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the corporation, and the sector in which it operates. We determined that the following laws and regulations were most significant;
  - financial reporting legislation (Charities SORP and United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102);
  - regulatory environment (including the ESFA funding rules 2020 to 2021); and
  - The Charities Act 2011 and the Companies Act 2006.

The engagement team remained alert to any indications of fraud and non-compliance with laws and regulations throughout the audit;

- We understood how the group and parent company is complying with these legal and regulatory frameworks by making inquiries of management, internal audit, and those charged with governance. We enquired of management and those charged with governance whether there were any instances of non-compliance with laws and regulations, or whether they had any knowledge of actual or suspected fraud. We corroborated the results of our enquiries through our review of board minutes and papers provided to the Audit Committee, and through our legal and professional expenses review;
- To assess the potential risks of material misstatement, including how a fraud might occur, we obtained an understanding of:
  - The group and parent company's operations, including the nature of its sources of income, expected financial statement disclosures and risks that may result in risk of material misstatement; and
  - The group and parent company's control environment including the adequacy of procedures for authorisation of transactions
- We assessed the susceptibility of the group and parent company's financial statements to material misstatement, including how fraud might occur. Audit procedures performed by the engagement team included:
  - Evaluating the processes and controls established to address the risks related to irregularities and fraud;
  - Testing manual journal entries, in particular journal entries relating to management estimates and entries determined to be large or relating to unusual transactions;
  - Challenging assumptions and judgements made by management in its significant accounting estimates;
  - Identifying and testing related party transactions; and
  - Completion of audit procedures to conclude on the compliance of disclosures in the financial statements with applicable financial reporting requirements.

- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.
- We assessed the appropriateness of the collective competence and capabilities of the engagement team, including consideration of the engagement team's knowledge and understanding of the industry in which the group and parent company operates in, its understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation.
- We communicated relevant laws and regulations and potential fraud risks to all engagement team members, and remained alert to any indications of fraud, or non-compliance with laws and regulations throughout the audit.

### Use of our report

This report is made solely to the charitable company's members and trustees, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and section 154 of the Charities Act 2011. Our audit work has been undertaken so that we might state to the charitable company's members and 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 members and trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Grant Thornton UK LLP

Deborah Watson BSc (Hons) FCA  
Senior Statutory Auditor  
for and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
Leeds

Grant Thornton UK LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006  
16/12/2021

**INDEPENDENT TRAINING SERVICES LIMITED**  
(A company limited by guarantee)

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND  
EXPENDITURE ACCOUNT**

**FOR THE YEAR ENDED 31 JULY 2021**

|  |      | Unrestricted<br>funds | Restricted<br>funds | Total<br>funds   | Total<br>Funds<br>Restated<br>2020 |
|--|------|-----------------------|---------------------|------------------|------------------------------------|
|  | Note | 2021<br>£             | 2021<br>£           | 2021<br>£        | 2020<br>£                          |
| <b>INCOME FROM:</b>  |      |                       |                     |                  |                                    |
| Charitable activities  | 2    | 1,303,965             | 169,912             | 1,473,877        | 1,619,711                          |
| Other trading activities                                       |      | 97,998                | -                   | 97,998           | 181,507                            |
| Investments  |      | -                     | -                   | -                | -                                  |
| Other income   |      | 4                     | -                   | 4                | 457                                |
| <b>TOTAL INCOME</b>  |      | <b>1,401,967</b>      | <b>169,912</b>      | <b>1,571,879</b> | <b>1,801,675</b>                   |
| <b>EXPENDITURE ON:</b>   |      |                       |                     |                  |                                    |
| Charitable activities  |      | 1,147,549             | 139,211             | 1,286,760        | 1,523,856                          |
| Other trading activities                                       |      | 83,610                | 30,701              | 114,311          | 228,663                            |
| <b>TOTAL EXPENDITURE</b>                                       |      | <b>1,231,159</b>      | <b>169,912</b>      | <b>1,401,071</b> | <b>1,752,519</b>                   |
| <b>Net income before taxation</b>                              |      | <b>170,808</b>        | <b>-</b>            | <b>170,808</b>   | <b>49,156</b>                      |
| Taxation   |      | 875                   | -                   | 875              | 38                                 |
| <b>NET INCOME BEFORE TRANSFERS</b>                             |      | <b>169,933</b>        | <b>-</b>            | <b>169,933</b>   | <b>49,118</b>                      |
| <b>NET INCOME BEFORE OTHER<br/>RECOGNISED GAINS AND LOSSES</b> |      | <b>169,933</b>        | <b>-</b>            | <b>169,933</b>   | <b>49,118</b>                      |
| Actuarial gains on defined benefit pension schemes             | 16   | 255,000               | -                   | 255,000          | 26,000                             |
| <b>NET MOVEMENT IN FUNDS</b>                                   |      | <b>424,933</b>        | <b>-</b>            | <b>424,933</b>   | <b>75,118</b>                      |
| <b>RECONCILIATION OF FUNDS:</b>                                |      |                       |                     |                  |                                    |
| Total funds brought forward                                    |      | (442,106)             | -                   | (442,106)        | (517,224)                          |
| <b>TOTAL FUNDS CARRIED FORWARD</b>                             |      | <b>(17,173)</b>       | <b>-</b>            | <b>(17,173)</b>  | <b>(442,106)</b>                   |

The notes on pages 18 to 40 form part of these financial statements.  
The 2020 restatement is contained in note 19.



**INDEPENDENT TRAINING SERVICES LIMITED**  
(A company limited by guarantee)

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 JULY 2021**

|   |      |                  | 2021             | 2020             |
|---|------|------------------|------------------|------------------|
|   | Note | £                | £                | Restated<br>£    |
| <b>FIXED ASSETS</b>   |      |                  |                  |                  |
| Tangible assets   | 7    |                  | 9,662            | 30,966           |
|   |      |                  | <u>9,662</u>     | <u>30,966</u>    |
| <b>CURRENT ASSETS</b>                                       |      |                  |                  |                  |
| Debtors   | 9    | 335,758          | 179,717          |                  |
| Cash at bank and in hand                                    |      | 104,781          | 67,322           |                  |
|   |      | <u>440,539</u>   | <u>247,039</u>   |                  |
| <b>CREDITORS: amounts falling due within one year</b>       | 10   | <u>(145,374)</u> | <u>(155,111)</u> |                  |
| <b>NET CURRENT ASSETS</b>                                   |      |                  | 295,165          | 91,928           |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>                |      |                  | <u>304,827</u>   | <u>122,894</u>   |
| <b>NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES</b>      |      |                  | 304,827          | 122,894          |
| Defined benefit pension scheme liability                    | 16   | (322,000)        | (565,000)        |                  |
| <b>NET LIABILITIES INCLUDING PENSION SCHEME LIABILITIES</b> |      | <u>(17,173)</u>  | <u>(442,106)</u> |                  |
| <b>CHARITY FUNDS</b>  |      |                  |                  |                  |
| Restricted funds  |      |                  | -                | -                |
| Unrestricted funds:   | 12   | (17,173)         | (442,106)        |                  |
| <b>TOTAL DEFICIT FUNDS</b>                                  |      |                  | <u>(17,173)</u>  | <u>(442,106)</u> |

The company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved and authorised for issue by the Trustees on 14 December 2021 and signed on their behalf, by:



.....  
**Yiannis Koursis**  
15/12/2021

The notes on pages 18 to 40 form part of these financial statements.

The 2020 restatement is contained in note 19.

**INDEPENDENT TRAINING SERVICES LIMITED**  
(A company limited by guarantee)

**COMPANY STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 JULY 2021**

|  |      | 2021             |                | 2020             |                  |
|--|------|------------------|----------------|------------------|------------------|
|  |      | £                | £              | £                | £                |
|  | Note |                  |                |                  |                  |
| <b>FIXED ASSETS</b>  |      |                  |                |                  |                  |
| Tangible assets  | 7    |                  | 9,269          |                  | 30,278           |
| Investments  |      |                  | 1,000          |                  | -                |
|  |      |                  | <u>10,269</u>  |                  | <u>30,278</u>    |
| <b>CURRENT ASSETS</b>  |      |                  |                |                  |                  |
| Debtors  | 9    | 625,938          |                | 437,947          |                  |
| Cash at bank and in hand                                       |      | 83,690           |                | 65,125           |                  |
|  |      | <u>709,628</u>   |                | <u>503,072</u>   |                  |
| <b>CREDITORS: amounts falling due within one year</b>          | 10   | <u>(132,187)</u> |                | <u>(143,887)</u> |                  |
| <b>NET CURRENT ASSETS</b>                                      |      |                  | <u>577,441</u> |                  | <u>359,185</u>   |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>                   |      |                  | <u>587,710</u> |                  | <u>389,463</u>   |
| <b>CREDITORS: amounts falling due after more than one year</b> |      |                  | -              |                  | -                |
| <b>NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES</b>         |      |                  | <u>587,710</u> |                  | <u>389,463</u>   |
| Defined benefit pension scheme liability                       | 16   |                  | (322,000)      |                  | (565,000)        |
| <b>NET LIABILITIES INCLUDING PENSION SCHEME LIABILITIES</b>    |      |                  | <u>265,710</u> |                  | <u>(175,537)</u> |
| <b>CHARITY FUNDS</b>   |      |                  |                |                  |                  |
| Restricted funds   |      |                  | -              |                  | -                |
| Unrestricted funds:  | 12   |                  | 265,710        |                  | (175,537)        |
| <b>TOTAL DEFICIT FUNDS</b>                                     |      |                  | <u>265,710</u> |                  | <u>(175,537)</u> |

The company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved and authorised for issue by the Trustees on 14 December 2021 and signed on their behalf, by:



.....  
**Yiannis Koursis**  
15/12/2021

The notes on pages 18 to 40 form part of these financial statements.

**INDEPENDENT TRAINING SERVICES LIMITED**  
**(A company limited by guarantee)**

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 JULY 2021**

|  |      | 2021           | 2020      |
|--|------|----------------|-----------|
|  | Note | £              | £         |
| <b>Cash flows from operating activities</b>            |      |                |           |
| Net cash from operating activities                     | 14   | <b>46,703</b>  | (248,500) |
| <b>Cash flows from investing activities:</b>           |      |                |           |
| Sale proceeds  |      | -              | 669,732   |
| Purchase of tangible fixed assets                      |      | -              | (3,812)   |
| <b>Net cash used in investing activities</b>           |      | <b>-</b>       | 665,920   |
| <b>Cash flows from financing activities:</b>           |      |                |           |
| Repayments of borrowings                               |      | <b>(7,322)</b> | (411,582) |
| Interest on borrowings                                 |      | <b>(1,047)</b> | (1,810)   |
| Tax paid   |      | <b>(875)</b>   | -         |
| <b>Net cash used in financing activities</b>           |      | <b>(9,244)</b> | (413,392) |
| <b>Change in cash and cash equivalents in the year</b> |      | <b>37,459</b>  | 4,028     |
| Cash and cash equivalents brought forward              |      | <b>67,322</b>  | 63,294    |
| <b>Cash and cash equivalents carried forward</b>       | 15   | <b>104,781</b> | 67,322    |

The notes on pages 18 to 40 form part of these financial statements.

**INDEPENDENT TRAINING SERVICES LIMITED**  
**(A company limited by guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JULY 2021**

**1. ACCOUNTING POLICIES**

**1.1 Basis of preparation of financial statements**

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2019) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Independent Training Services Limited 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.

The Statement of financial activities (SOFA) and statement of financial position consolidate the financial statements of the company and its subsidiary undertaking. The results of the subsidiary are consolidated on a line by line basis.

No separate SOFA has been presented for the company alone as permitted by section 408 of the Companies Act 2006.

**1.2 Company status**

The company is a company limited by guarantee. The members of the company are the Trustees named on page 1. In the event of the company being wound up, the liability in respect of the guarantee is limited to £1 per member of the company.

**1.3 Going concern**

The group balance sheet shows net liabilities of £17,173 (2020: £442,106) and the profit for the year before actuarial gains was £169,933 (2020: £49,118). The company has made significant improvements to its financial position and is expected to make a profit again in 2021/22.

The ongoing economic impact of COVID-19 on the apprenticeship market and the commercial training market is a risk to the company achieving its financial forecasts. The company is delivering training online and is monitoring the external environment closely. The company has taken advantage of government schemes including ESFA supplier relief and the Coronavirus Job Retention Scheme and will continue to do so as far as it is eligible. During this time expenditure is minimised and new staff recruitment is on hold until income is secured.

The going concern assessment considered the company financial operating forecasts and cash flow forecasts to July 2023. The company has sufficient cash funds throughout this period. The cash flow is sensitive to delays in cash receipts and therefore contains some risk that it will not have sufficient cash to cover its debt. Barnsley College, the parent company is comfortable based on forecasts that it has the ability to support its subsidiary entities and has confirmed they will financially support the company until at least July 2023 including support for ITS's subsidiary Smartstyle Technology Training Limited which has negative net assets. As such, the Trustees are of the view that, based on detailed budgets and cash flow forecasts, the group will be able to pay its debts as they fall due and therefore the group is a going concern.

**INDEPENDENT TRAINING SERVICES LIMITED**  
**(A company limited by guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JULY 2021**

**1. ACCOUNTING POLICIES (continued)**

**1.4 Income**

All income is recognised once the company has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably. Government funded grants and amounts from the Growth Company are accounted for under the accruals model as permitted by FRS 102. Funding body recurrent grants are measured in line with best estimates for the period of what is receivable and dependent on the particular income stream involved. Income from other trading activities is recognised upon the raising of sales invoices or upon receipt of cash from eligible government schemes.

Where income is received for a specific purpose which is defined the income and associated expenditure is shown within restricted funds. During the year support received under the Coronavirus Job Retention Scheme and ESFA Supplier Relief has been recognised under the performance model.

For legacies, entitlement is taken as the earlier of the date on which either: the company is aware that probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the Trust that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the company has been notified of the executor's intention to make a distribution. Where legacies have been notified to the company, or the company is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.

**1.5 Expenditure**

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

Support costs are those costs incurred directly in support of expenditure on the objects of the company and include project management carried out at Headquarters. Governance costs are those incurred in connection with administration of the company and compliance with constitutional and statutory requirements.

Charitable activities and Governance costs are costs incurred on the company's educational operations, including support costs and costs relating to the governance of the company apportioned to charitable activities.

All expenditure is inclusive of irrecoverable VAT.

**1.6 Basis of consolidation**

The financial statements consolidate the accounts of Independent Training Services Limited and all of its subsidiary undertakings ('subsidiaries').

The company has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own Income and expenditure account.

ITS company made a surplus of £441,2487 for the financial year ended 31 July 2021 (2020 - £148,112).

**INDEPENDENT TRAINING SERVICES LIMITED**  
**(A company limited by guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JULY 2021**

**1. ACCOUNTING POLICIES (continued)**

**1.7 Turnover**

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

**1.8 Tangible fixed assets and depreciation**

All assets costing more than £1,000 are capitalised.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of financial activities.

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

|                       |   |                         |
|-----------------------|---|-------------------------|
| Fixtures and fittings | - | 20% - 25% Straight line |
| Computer equipment    | - | 33.3% Straight line     |

**1.9 Investments**

Investments in subsidiaries are valued at cost less provision for impairment.

**1.10 Interest receivable**

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

**1.11 Debtors**

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

**1.12 Cash at bank and in hand**

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

**1.13 Liabilities and provisions**

Liabilities are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the company anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

**INDEPENDENT TRAINING SERVICES LIMITED**  
**(A company limited by guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JULY 2021**

**1. ACCOUNTING POLICIES (continued)**

**1.14 Financial instruments**

The company only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

**1.15 Deferred taxation**

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are discounted.

**1.16 Pensions**

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

The company operates a defined benefits pension scheme and the pension charge is based on a full actuarial valuation dated 31 March 2016, updated to 31 July 2021 by the actuary. More detail of the scheme can be found in Note 16.

**1.17 Fund accounting**

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the company and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the company for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

**INDEPENDENT TRAINING SERVICES LIMITED**  
**(A company limited by guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JULY 2021**

**1. ACCOUNTING POLICIES (continued)**

**1.18 Critical accounting estimates and areas of judgement**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions:

The company and group makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Critical areas of judgment:

The useful economic lives for the amortisation of goodwill and for the depreciation of tangible fixed assets. The actuarial assumptions used in the calculation of the defined benefit pension liability. The appropriateness of the carrying value of tangible fixed assets and the need for impairment, if necessary.

Local Government Pension Scheme

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 19, will impact the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pension liability at 31 July 2021. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

**1.19 Restatement**

A review of debtors and accrued income identified that income had been incorrectly recognised in 2020 thereby overstating the income and debtors due to Smartstyle Technology Training Limited and the Group. As a result, the 2020 figures have been restated to reduce the income accrual by £28k and to debit the Statement of Comprehensive Income for the overstated revenue.



**INDEPENDENT TRAINING SERVICES LIMITED**  
**(A company limited by guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JULY 2021**

**2. INCOME FROM CHARITABLE ACTIVITIES**

|                               | <b>Unrestricted funds</b> | <b>Restricted funds</b> | <b>Total funds</b> | <b>Total funds</b> |
|-------------------------------|---------------------------|-------------------------|--------------------|--------------------|
|                               | 2021                      | 2021                    | 2021               | 2020               |
|                               | £                         | £                       | £                  | £                  |
| ESFA - Non-levy / levy income | 395,037                   | 139,211                 | 534,248            | 995,495            |
| ESFA - Learner Responsive     | 214,962                   | -                       | 214,962            | 342,876            |
| Other                         | 693,966                   | 30,701                  | 724,667            | 281,340            |
|                               | <b>1,303,965</b>          | <b>169,912</b>          | <b>1,473,877</b>   | <b>1,619,711</b>   |
| <b>Total 2021</b>             | <b>1,303,965</b>          | <b>169,912</b>          | <b>1,473,877</b>   |                    |

The company received £139,211 (2020: £31,280) in relation to the ESFA supplier relief fund in 2021. This is included within ESFA- Non-levy/levy income.

There is £30,701 (2020: £6,545) of Coronavirus Job Retention Funding contained within the other trading activities income.

**3. DIRECT COSTS**

|   | <b>Total</b>     | <b>Total</b>     |
|---|------------------|------------------|
|   | 2021             | 2020             |
|   | £                | £                |
| Administration expenses                                   | 45,049           | 74,966           |
| Educational expenditure and associated recreational costs | 408,162          | 377,342          |
| Wages and salaries  | 590,765          | 747,181          |
| National insurance  | 55,140           | 60,815           |
| Staff Pension costs                                       | 29,669           | 27,554           |
|   | <b>1,128,785</b> | <b>1,287,858</b> |
| <b>Total 2021</b>   | <b>1,128,785</b> |                  |

**INDEPENDENT TRAINING SERVICES LIMITED**  
**(A company limited by guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JULY 2021**

**4. SUPPORT COSTS**

|                               | 2021<br>£      | 2020<br>£      |
|-------------------------------|----------------|----------------|
| Premises costs                | 43,934         | 37,548         |
| Office administrative costs   | 57,678         | 122,314        |
| Computer and software costs   | 19,665         | 23,228         |
| Depreciation and amortisation | 21,009         | 28,028         |
| Bank charges                  | 1,488          | 2,030          |
| Bad debts                     | 4,154          | 9,040          |
| Loan interest                 | 1,047          | 1,810          |
| Pension interest              | 9,000          | 12,000         |
|                               | <b>157,975</b> | <b>235,998</b> |
| Total 2021                    | <b>157,975</b> |                |

**4. NET INCOME/(EXPENDITURE)**

This is stated after charging:

|   | 2021<br>£ | 2020<br>£ |
|---|-----------|-----------|
| Depreciation of tangible fixed assets:- owned by the charitable group | 21,304    | 28,028    |
| Operating lease rentals   | 43,190    | 30,943    |

During the year, no Trustees received any remuneration (2020 - £NIL). During the year, no Trustees received any benefits in kind (2020 - £NIL).

During the year, no Trustees received any reimbursement of expenses (2020 - £NIL).

**5. AUDITORS' REMUNERATION**

|  | 2021<br>£ | 2020<br>£ |
|--|-----------|-----------|
| Fees payable to the company's auditor for the audit of the group annual accounts | 14,000    | 12,000    |

The audit services were provided by Grant Thornton UK LLP, Leeds. Non-audit related fees are borne by the parent company, Barnsley College.

**INDEPENDENT TRAINING SERVICES LIMITED**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JULY 2021**

**6. STAFF COSTS**

Staff costs were as follows:

|                       | <b>Group<br/>2021<br/>£</b> | <b>Company<br/>2021<br/>£</b> | <i>Group<br/>2020<br/>£</i> | <i>Company<br/>2020<br/>£</i> |
|-----------------------|-----------------------------|-------------------------------|-----------------------------|-------------------------------|
| Wages and salaries    | <b>663,983</b>              | <b>591,765</b>                | 879,198                     | 747,181                       |
| Social security costs | <b>58,412</b>               | <b>55,140</b>                 | 73,460                      | 60,815                        |
| Other pension costs   | <b>30,624</b>               | <b>29,669</b>                 | 30,475                      | 27,554                        |
|                       | <b>753,019</b>              | <b>676,574</b>                | 983,133                     | 835,550                       |

The average number of persons employed by the Group during the year was as follows:

|                | <b>2021<br/>No.</b> | <i>2020<br/>No.</i> |
|----------------|---------------------|---------------------|
| Administration | <b>7</b>            | 7                   |
| Teaching       | <b>14</b>           | 20                  |
| Management     | <b>4</b>            | 3                   |
|                | <b>25</b>           | 30                  |

**Key management personnel**

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company.

During the year the total amount of remuneration and benefits received by key management personnel was £65,000 (2020: £121,538).

The number of key management personnel and other staff who received annual emoluments, excluding pension contributions and employer's national insurance but including benefits in kind, in the following ranges was:

|                               | <b>2021<br/>No.</b> | <i>2020<br/>No.</i> |
|-------------------------------|---------------------|---------------------|
| In the band £60,001 - £65,000 | <b>1</b>            | -                   |

The Managing Director is the highest paid member of staff. Their remuneration received in the year is as follows:

|  | <b>2021<br/>£'000</b> | <i>2020<br/>£'000</i> |
|--|-----------------------|-----------------------|
| Salaries – gross of salary sacrifice and waived emoluments | <b>65</b>             | 56                    |
| Employers National Insurance                               | <b>8</b>              | 7                     |
|  | <b>73</b>             | 63                    |
| Pension contributions                                      | <b>20</b>             | 10                    |
| <b>Total emoluments</b>                                    | <b>93</b>             | 73                    |

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**7. TANGIBLE FIXED ASSETS**

|                        | Fixtures and<br>fittings<br>£ | Computer<br>equipment<br>£ | Total<br>£          |
|------------------------|-------------------------------|----------------------------|---------------------|
| <b>Group</b>           |                               |                            |                     |
| <b>Cost</b>            |                               |                            |                     |
| At 1 August 2020       | 283,536                       | 270,365                    | 553,901             |
| Disposals              | -                             | -                          | -                   |
| Additions              | -                             | -                          | -                   |
|                        | <u>283,536</u>                | <u>270,365</u>             | <u>553,901</u>      |
| <br>At 1 August 2020   | <br>264,208                   | <br>258,727                | <br>522,935         |
| Disposals              | -                             | -                          | -                   |
| Charge for the year    | 12,116                        | 9,188                      | 21,304              |
|                        | <u>276,324</u>                | <u>267,915</u>             | <u>544,239</u>      |
| <b>At 31 July 2021</b> |                               |                            |                     |
| <b>Net book value</b>  |                               |                            |                     |
| <b>At 31 July 2021</b> | <u><u>7,212</u></u>           | <u><u>2,450</u></u>        | <u><u>9,662</u></u> |
| <i>At 31 July 2020</i> | <u>19,328</u>                 | <u>11,638</u>              | <u>30,966</u>       |
|                        |                               |                            |                     |
|                        | Fixtures and<br>fittings<br>£ | Computer<br>equipment<br>£ | Total<br>£          |
| <b>Charity</b>         |                               |                            |                     |
| <b>Cost</b>            |                               |                            |                     |
| At 1 August 2020       | 283,536                       | 269,481                    | 553,017             |
| Disposals              | -                             | -                          | -                   |
| Additions              | -                             | -                          | -                   |
|                        | <u>283,536</u>                | <u>269,481</u>             | <u>553,017</u>      |
| <b>At 31 July 2021</b> |                               |                            |                     |
| <b>Depreciation</b>    |                               |                            |                     |
| At 1 August 2020       | 264,208                       | 258,531                    | 522,739             |
| Disposals              | -                             | -                          | -                   |
| Charge for the year    | 12,116                        | 8,893                      | 21,009              |
|                        | <u>276,324</u>                | <u>267,424</u>             | <u>543,748</u>      |
| <b>At 31 July 2021</b> |                               |                            |                     |
| <b>Net book value</b>  |                               |                            |                     |
| <b>At 31 July 2021</b> | <u><u>7,212</u></u>           | <u><u>2,057</u></u>        | <u><u>9,269</u></u> |
| <i>At 31 July 2020</i> | <u>19,328</u>                 | <u>10,950</u>              | <u>30,278</u>       |

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**8. FIXED ASSET INVESTMENTS**

**Subsidiary undertakings**

The following were subsidiary undertakings of the company:

|  |         |
|--|---------|
| Name   | Holding |
| Smartstyle Technology Training Limited   | 100%    |
| Registered office address: Queens Court, Regent Street, Barnsley,<br>England, S70 2EG. |         |

The aggregate of the share capital and reserves as at 31 July 2021 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

| Name                                   | Aggregate of<br>share capital<br>and reserves<br>£ | Profit/(loss)<br>£ |
|--|--|--------------------|
| Smartstyle Technology Training Limited | <u>(281,966)</u>                                   | <u>(16,398)</u>    |

  

| Company                           | Shares in<br>group<br>undertakings<br>£ |
|-----------------------------------|---|
| At 1 August 2020 and 31 July 2021 | 1,000                                   |

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**9. DEBTORS**

|                                    | <b>Group</b>   |                         | <b>Company</b> |             |
|------------------------------------|----------------|-------------------------|----------------|-------------|
|                                    | <b>2021</b>    | <b>2020</b><br>Restated | <b>2021</b>    | <b>2020</b> |
|                                    | <b>£</b>       | <b>£</b>                | <b>£</b>       | <b>£</b>    |
| Trade debtors                      | <b>126,655</b> | 43,292                  | <b>113,303</b> | 41,186      |
| Amounts owed by group undertakings | -              | -                       | <b>303,532</b> | 265,534     |
| Prepayments and accrued income     | <b>209,103</b> | 136,425                 | <b>209,103</b> | 131,227     |
|                                    | <b>335,758</b> | 179,717                 | <b>625,938</b> | 437,947     |

**10. CREDITORS: Amounts falling due within one year**

|                                    | <b>Group</b>   |             | <b>Company</b> |             |
|------------------------------------|----------------|-------------|----------------|-------------|
|                                    | <b>2021</b>    | <b>2020</b> | <b>2021</b>    | <b>2020</b> |
|                                    | <b>£</b>       | <b>£</b>    | <b>£</b>       | <b>£</b>    |
| Finance lease                      | -              | 7,322       | -              | 7,322       |
| Trade creditors                    | <b>64,813</b>  | 63,526      | <b>60,259</b>  | 58,189      |
| Amounts owed to group undertakings | <b>12,627</b>  | -           | <b>10,077</b>  | -           |
| Other taxation and social security | <b>19,165</b>  | 33,010      | <b>13,082</b>  | 32,781      |
| Other creditors                    | <b>7,407</b>   | 754         | <b>7,407</b>   | -           |
| Accruals and deferred income       | <b>41,362</b>  | 50,499      | <b>41,362</b>  | 45,595      |
|                                    | <b>145,374</b> | 155,111     | <b>132,187</b> | 143,887     |

**11. FINANCIAL INSTRUMENTS**

|  | <b>2021</b>    | <b>2020</b><br>Restated |
|--|----------------|-------------------------|
|  | <b>£</b>       | <b>£</b>                |
| Financial assets measured at amortised cost      | <b>340,539</b> | 224,402                 |
| Financial liabilities measured at amortised cost | <b>138,690</b> | 152,831                 |

Financial assets measured at amortised cost comprise trade and other debtors and accrued income.

Financial liabilities measured at amortised cost comprise trade and other creditors, accruals and bankloans.

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**12. CONSOLIDATED STATEMENT OF FUNDS STATEMENT OF FUNDS - CURRENT YEAR**

|                         | Balance at<br>1 August<br>2020<br>Restated | Income           | Expenditure        | Taxation     | Transfer<br>s<br>in/out | Gains/<br>(Losses) | Balance at<br>31 July<br>2021 |
|-------------------------|--|------------------|--------------------|--------------|-------------------------|--------------------|-------------------------------|
| <b>General Funds</b>    |  |                  |                    |              |                         |                    |                               |
| General Funds           | 122,895                                    | 1,401,967        | (1,219,159)        | (875)        | -                       | -                  | 304,828                       |
| Pension reserve         | (565,000)                                  | -                | (12,000)           | -            | -                       | 255,000            | (322,000)                     |
| Other General Funds     | (1)  | -                | -                  | -            | -                       | -                  | (1)                           |
| <b>Total</b>            | <b>(442,106)</b>                           | <b>1,401,967</b> | <b>(1,231,159)</b> | <b>(875)</b> | <b>-</b>                | <b>255,000</b>     | <b>(17,173)</b>               |
| <b>Unrestr'd Funds</b>  | <b>(442,106)</b>                           | <b>1,401,967</b> | <b>(1,231,159)</b> | <b>(875)</b> | <b>-</b>                | <b>255,000</b>     | <b>(17,173)</b>               |
| <b>Restricted funds</b> |  |                  |                    |              |                         |                    |                               |
| CJRS grant              | -  | 30,701           | (30,701)           | -            | -                       | -                  | -                             |
| ESFA Supp' Relief       | -  | 139,211          | (139,211)          | -            | -                       | -                  | -                             |
|                         | -  | 169,912          | (169,912)          | -            | -                       | -                  | -                             |
| <b>Total funds</b>      | <b>(442,106)</b>                           | <b>1,571,879</b> | <b>(1,401,071)</b> | <b>(875)</b> | <b>-</b>                | <b>255,000</b>     | <b>(17,173)</b>               |

Designated funds had no opening balance and no activity during the year.

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**12. STATEMENT OF FUNDS (continued)**

**CONSOLIDATED STATEMENT OF FUNDS - PRIOR YEAR RESTATED**

|                          | Balance at<br>1 August<br>2019 | Income    | Expenditure | Taxation | Transfers<br>in/out | Gains/<br>(Losses) | Balance at<br>31 July<br>2020 |
|--------------------------|--------------------------------|-----------|-------------|----------|---------------------|--------------------|-------------------------------|
|                          | £                              | £         | £           | £        | £                   | £                  | £                             |
| Designated funds         |                                |           |             |          |                     |                    |                               |
| Learner Support Travel   | 4,870                          | -         | -           | -        | (4,870)             | -                  | -                             |
| Learner Support Resource | 6,481                          | -         | -           | -        | (6,481)             | -                  | -                             |
|                          | 11,351                         | -         | -           | -        | (11,351)            | -                  | -                             |
| <b>General funds</b>     |                                |           |             |          |                     |                    |                               |
| General Funds            | 27,426                         | 1,801,675 | (1,738,519) | (38)     | 32,351              | -                  | 122,895                       |
| Pension reserve          | (577,000)                      | -         | (14,000)    | -        | -                   | 26,000             | (565,000)                     |
| Other General funds      | (1)                            | -         | -           | -        | -                   | -                  | (1)                           |
| Total                    | (549,575)                      | 1,801,675 | (1,752,519) | (38)     | 32,351              | 26,000             | (442,106)                     |
| Unrestr'd fund           | (538,224)                      | 1,801,675 | (1,752,519) | (38)     | 21,000              | 26,000             | (442,106)                     |
| <b>Restricted funds</b>  |                                |           |             |          |                     |                    |                               |
| App'ship grant           | 21,000                         | -         | -           | -        | (21,000)            | -                  | -                             |
|                          | 21,000                         | -         | -           | -        | (21,000)            | -                  | -                             |
| Total of funds           | (517,224)                      | 1,801,675 | (1,752,519) | (38)     | -                   | 26,000             | (442,106)                     |



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**12. STATEMENT OF FUNDS (continued)**

**CONSOLIDATED SUMMARY OF FUNDS - CURRENT YEAR**

|                  | Balance at<br>1 August<br>2020 | Income           | Expenditure        | Taxation     | Transfers<br>in/out | Gains/<br>(Losses) | Balance at<br>31 July<br>2021 |
|------------------|--------------------------------|------------------|--------------------|--------------|---------------------|--------------------|-------------------------------|
|                  | £                              | £                | £                  | £            | £                   | £                  | £                             |
| General funds    | (442,106)                      | 1,401,967        | (1,231,159)        | (875)        | -                   | 255,000            | (17,173)                      |
|                  | <u>(442,106)</u>               | <u>1,401,967</u> | <u>(1,231,159)</u> | <u>(875)</u> | <u>-</u>            | <u>255,000</u>     | <u>(17,173)</u>               |
| Restricted funds | -                              | 169,912          | (169,912)          | -            | -                   | -                  | -                             |
|                  | <u>(442,106)</u>               | <u>1,571,879</u> | <u>(1,401,071)</u> | <u>(875)</u> | <u>-</u>            | <u>255,000</u>     | <u>(17,173)</u>               |

**CONSOLIDATED SUMMARY OF FUNDS - PRIOR YEAR**

|                  | Balance at<br>1 August<br>2019 | Income           | Expenditure        | Taxation    | Transfers<br>in/out | Gains/<br>(Losses) | Balance at<br>31 July<br>2020<br>Restated |
|------------------|--------------------------------|------------------|--------------------|-------------|---------------------|--------------------|---|
|                  | £                              | £                | £                  | £           | £                   | £                  | £   |
| Designated funds | 11,351                         | -                | -                  | -           | (11,351)            | -                  | -   |
| General funds    | (549,575)                      | 1,801,675        | (1,752,519)        | (38)        | 32,351              | 26,000             | (442,106)                                 |
|                  | <u>(538,224)</u>               | <u>1,801,675</u> | <u>(1,752,519)</u> | <u>(38)</u> | <u>21,000</u>       | <u>26,000</u>      | <u>(442,106)</u>                          |
| Restricted funds | 21,000                         | -                | -                  | -           | (21,000)            | -                  | -   |
|                  | <u>(517,224)</u>               | <u>1,801,675</u> | <u>(1,752,519)</u> | <u>(38)</u> | <u>-</u>            | <u>26,000</u>      | <u>(442,106)</u>                          |

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**13. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

**ANALYSIS OF NET ASSETS BETWEEN FUNDS - CURRENT YEAR**

|                                     | Unrestricted<br>funds | Restricted<br>funds | Total<br>funds  |
|-------------------------------------|-----------------------|---------------------|-----------------|
|                                     | 2021                  | 2021                | 2021            |
|                                     | £                     | £                   | £               |
| Tangible fixed assets               | 9,662                 | -                   | 9,662           |
| Current assets                      | 440,539               | -                   | 440,539         |
| Creditors due within one year       | (145,374)             | -                   | (145,374)       |
| Creditors due in more than one year | (322,000)             | -                   | (322,000)       |
|                                     | <u>(17,173)</u>       | <u>-</u>            | <u>(17,173)</u> |

**ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR**

|  | <i>Unrestricted<br/>funds</i> | <i>Restricted<br/>funds</i> | <i>Total<br/>funds</i> |
|--|-------------------------------|-----------------------------|------------------------|
|  | 2020                          | 2020                        | 2020                   |
|  | £                             | £                           | £                      |
| Intangible fixed assets                | -                             | -                           | -                      |
| Tangible fixed assets                  | 30,966                        | -                           | 30,966                 |
| Current assets                         | 247,039                       | -                           | 247,039                |
| Creditors due within one year          | (155,111)                     | -                           | (155,111)              |
| Creditors due in more than one year    | -                             | -                           | -                      |
| Provisions for liabilities and charges | (565,000)                     | -                           | (565,000)              |
|  | <u>(442,106)</u>              | <u>-</u>                    | <u>(442,106)</u>       |

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**14. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES**

|  | <b>Group</b>     |                       |
|--|------------------|-----------------------|
|  | <b>2021</b>      | <b>2020</b>           |
|  | <b>£</b>         | <b>Restated<br/>£</b> |
| Net income for the year (as per Statement of Financial Activities) | <b>169,933</b>   | 49,118                |
| <b>Adjustment for</b>  |                  |                       |
| Depreciation charges   | <b>21,304</b>    | 28,028                |
| Loss on disposal of fixed assets                                   | -                | 47,127                |
| Tax charge   | <b>875</b>       | 38                    |
| (Increase)/decrease in debtors                                     | <b>(156,041)</b> | 103,126               |
| Decrease in creditors  | <b>(2,415)</b>   | (491,747)             |
| Interest costs   | <b>10,047</b>    | 13,810                |
| Pension costs  | <b>3,000</b>     | 2,000                 |
| <b>Net cash from operating activities</b>                          | <b>46,703</b>    | (248,500)             |

**15. ANALYSIS OF CASH AND CASH EQUIVALENTS**

|              | <b>Group</b>   |             |
|--------------|----------------|-------------|
|              | <b>2021</b>    | <b>2020</b> |
|              | <b>£</b>       | <b>£</b>    |
| Cash in hand | <b>104,781</b> | 67,322      |
| Total        | <b>104,781</b> | 67,322      |

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**16. PENSION COMMITMENTS**

The group operates a defined contribution pension scheme where the assets of the scheme are held separate to those of the group in independently administered funds. The total expense for the year was £33,000 (2020: £40,000).

The group participates in the funded defined benefit pension scheme operated by South Yorkshire Pensions Authority. The assets of the scheme are held in separate funds administered by SYPF. The total contributions made for the year ended 31 July 2021 were £26,932, of which employer's contributions totalled £20,497 and employees' contributions totalled £6,435. The agreed contribution rates for future years are 28.8% together with sums totalling £2,100 to be paid before 31 March 2022 to fund the past service deficit. The gain on the scheme's assets during the year was £278,000 (2020: £22,000 loss), being 12.8% (2020: -6.7%) of the year end assets.

Principal actuarial assumptions at the statement of financial position date (expressed as weighted averages):

|                          | 2021  | 2020  |
|--------------------------|-------|-------|
| Discount rate at 31 July | 1.60% | 1.50% |
| CPI inflation rate       | 2.60% | 2.30% |
| Future salary increases  | 2.60% | 2.30% |
| Future pension increases | 2.60% | 2.30% |

The current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement age 65 are:

|                             |         | At 31 July<br>2021 | At 31 July<br>2020 |
|-----------------------------|---------|--------------------|--------------------|
|                             | Years   | Years              | years              |
| <i>Retiring today</i>       | Males   | 21.3               | 21.2               |
|                             | Females | 24.3               | 24.2               |
| <i>Retiring in 20 years</i> | Males   | 21.8               | 21.8               |
|                             | Females | 25.3               | 25.3               |

| The assets in the scheme were: | Fair value at<br>31 July<br>2021<br>£ | Fair value at<br>31 July<br>2020<br>£ |
|--------------------------------|---------------------------------------|---------------------------------------|
| Equities                       | 1,045,000                             | 882,000                               |
| Government bonds               | 305,000                               | 298,000                               |
| Other bonds                    | 166,000                               | 170,000                               |
| Property                       | 192,000                               | 160,000                               |
| Cash / liquidity               | 39,000                                | 78,000                                |
| Other                          | 431,000                               | 321,000                               |
| Total market value of assets   | <b>2,178,000</b>                      | <b>1,909,000</b>                      |

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**16. PENSION COMMITMENTS (continued)**

The actual gain on scheme assets was £278,000 (2020 - £22,000 loss).

The amounts recognised in the Statement of financial activities are as follows:

|   | 2021          | 2020          |
|---|---------------|---------------|
|   | £             | £             |
| Current service cost                        | 24,000        | 28,000        |
| Interest cost on pension scheme obligations | 9,000         | 12,000        |
| Total                                       | <u>33,000</u> | <u>40,000</u> |

| <b>Movement in net defined benefit liability during year</b> | <b>2021</b>             | <b>2020</b>             |
|--|-------------------------|-------------------------|
|  | <b>£'000</b>            | <b>£'000</b>            |
| Net defined benefit (liability)/asset in scheme at 1 August  | (565,000)               | (577,000)               |
| Movement in year:  |                         |                         |
| Current service cost   | (24,000)                | (28,000)                |
| Employer contributions                                       | 21,000                  | 26,000                  |
| Net interest on the defined liability                        | (9,000)                 | (12,000)                |
| Actuarial gain   | 255,000                 | 26,000                  |
| <b>Net defined benefit liability at 31 July</b>              | <b><u>(322,000)</u></b> | <b><u>(565,000)</u></b> |

Movements in the present value of the defined benefit obligation were as follows:

|                                      | 2021             | 2020             |
|--------------------------------------|------------------|------------------|
|                                      | £                | £                |
| Opening defined benefit obligation   | 2,474,000        | 2,545,000        |
| Interest cost                        | 37,000           | 54,000           |
| Contributions by scheme participants | 6,000            | 6,000            |
| Current service cost                 | 24,000           | 28,000           |
| Benefits paid                        | (64,000)         | 37,000           |
| Actuarial losses/(gains)             | 23,000           | (196,000)        |
| Closing defined benefit obligation   | <u>2,500,000</u> | <u>2,474,000</u> |

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**16. PENSION COMMITMENTS (continued)**

Changes in the fair value of scheme assets were as follows:

|                                      | 2021<br>£        | 2020<br>£        |
|--------------------------------------|------------------|------------------|
| Opening fair value of scheme assets  | 1,909,000        | 1,968,000        |
| Expected return on assets            | 28,000           | 42,000           |
| Actuarial gains/(losses)             | 278,000          | (170,000)        |
| Contributions by employer            | 21,000           | 26,000           |
| Contributions by scheme participants | 6,000            | 6,000            |
| Benefits paid                        | (64,000)         | 37,000           |
|                                      | <b>2,178,000</b> | <b>1,909,000</b> |

Amounts for the current and previous period are as follows:

|  | 2021<br>£        | 2020<br>£        |
|--|------------------|------------------|
| Defined benefit obligation                   | (2,500,000)      | (2,474,000)      |
| Scheme assets                                | 2,178,000        | 1,909,000        |
| Deficit                                      | <b>(322,000)</b> | <b>(565,000)</b> |
| Experience adjustments on scheme liabilities | (52,000)         | (187,000)        |
| Experience adjustments on scheme assets      | -                | -                |

**Sensitivity analysis**

| Disclosure item                                    | Central | +0.1%<br>p.a.<br>discount<br>rate | +0.1% p.a.<br>inflation | +0.1% p.a.<br>pay<br>growth | 1 year<br>increase in<br>life<br>expectancy | +1%<br>change in<br>2020/21<br>investment<br>returns | -1%<br>change in<br>2020/21<br>investment<br>returns |
|--|---------|-----------------------------------|-------------------------|-----------------------------|---|--|--|
|  | £'000   | £'000                             | £'000                   | £'000                       | £'000                                       | £'000  | £'000  |
| Liabilities  | 2,500   | 2,463                             | 2,537                   | 2,500                       | 2,584                                       | 2,500  | 2,500  |
| Assets   | (2,178) | (2,178)                           | (2,178)                 | (2,178)                     | (2,178)                                     | (2,200)  | (2,156)  |
| Deficit/(Surplus)                                  | 322     | 285                               | 359                     | 322                         | 406   | 300  | 344  |
| Projected<br>ServiceCost for<br>next year          | 25      | 25                                | 25                      | 25                          | 26  | 25   | 25   |
| Projected<br>Net interest<br>Cost for<br>next year | 5       | 5                                 | 6                       | 5                           | 6   | 5  | 5  |

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**16. PENSION COMMITMENTS (continued)**

**Guaranteed Minimum Pension**

Defined benefit pension schemes will be affected by the ultimate resolution of the equalisation of benefits for men and women in relation to Guaranteed Minimum Pension provisions. The method of equalisation has the potential to increase the Company's pension liabilities in respect of the South Yorkshire Pension Fund, however it is unclear how this would impact the fund given ongoing legal questions being addressed by HM Treasury and the fund actuary has calculated no estimated liability.

**Transitional Protection Arrangements (McCloud)**

Following the loss of a court case (the McCloud judgement) which found that transitional protections put in place when two public sector pension schemes were reformed were age discriminatory, the government committed in July 2019 to seeking a remedy across all public sector schemes. The Company's pension liabilities in respect of the South Yorkshire Pension Fund have increased due to this although the method of remedy and hence the amount of the increase in liabilities is not yet known. The fund actuary calculated an approximate estimated liability of nil. Changes to the estimated liability in 2020/21 have been recognised through actuarial gains / losses.

**Widower Benefits (Goodwin)**

Following a recent Employment Tribunal ruling that a female member in an opposite sex marriage is treated less favourably than a female in a same sex marriage or civil partnership, and that treatment amounts to direct discrimination on the grounds of sexual orientation, the government announced in July 2020 that it believed changes would be required to all public sector schemes with similar arrangements. For the Company, this will increase the liability in respect of the South Yorkshire Pension Fund, but no allowance has been made in the accounting figures as it is expected that the impact on the liabilities will be immaterial and there is currently insufficient data available to estimate a cost.

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**17. OPERATING LEASE COMMITMENTS**

At 31 July 2021 the total of the group's future minimum lease payments under non-cancellable operating leases was:

|                        | <b>Land and buildings</b> |             | <b>Other</b> |             |
|------------------------|---------------------------|-------------|--------------|-------------|
| <b>Group:</b>          | <b>2021</b>               | <b>2020</b> | <b>2021</b>  | <b>2020</b> |
|                        | <b>£</b>                  | <b>£</b>    | <b>£</b>     | <b>£</b>    |
| <b>Amounts payable</b> |                           |             |              |             |
| Within 1 year          | <b>32,400</b>             | 34,916      | <b>554</b>   | 554         |
| Between 1 and 5 years  | <b>8,100</b>              | 40,500      | -            | -           |
| <b>Total</b>           | <b>40,500</b>             | 75,416      | <b>554</b>   | 554         |

At 31 July 2021 the charitable company had annual commitments under non-cancellable operating leases as follows:

**Charitable company**  
**Amounts payable:**

|                       | <b>2021</b>   | <b>2020</b> |
|-----------------------|---------------|-------------|
|                       | <b>£</b>      | <b>£</b>    |
| Within 1 year         | <b>32,400</b> | 32,400      |
| Between 1 and 5 years | <b>8,100</b>  | 40,500      |
| <b>Total</b>          | <b>40,500</b> | 72,900      |

**18. ULTIMATE PARENT COMPANY**

The ultimate controlling party is Barnsley College, a corporation established under the Further and Higher Education Act 1992 and is an exempt charity for the purposes of Part 3 of the Charities Act 2011. The consolidated accounts are available on the College's website or on request from Barnsley College, Church Street, Barnsley, S70 2AX.



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**19. 2020 RESTATEMENT**

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND  
EXPENDITURE ACCOUNT**

**2020 RESTATEMENT**

**FOR THE YEAR ENDED 31 JULY 2021**

|  | Original<br>2020<br>£ | Income<br>correction<br>£ | Total<br>Funds<br>Restated<br>2020<br>£ |
|--|-----------------------|---------------------------|---|
| <b>INCOME FROM:</b>  |                       |                           |   |
| Charitable activities  | 1,619,711             | -                         | 1,619,711                               |
| Other trading activities                                       | 209,953               | -                         | 181,507                                 |
| Investments  | -                     | -                         | -                                       |
| Other income   | 457                   | -                         | 457                                     |
| <b>TOTAL INCOME</b>  | <b>1,830,121</b>      | <b>(28,446)</b>           | <b>1,801,675</b>                        |
| <b>EXPENDITURE ON:</b>   |                       |                           |   |
| Charitable activities  | 1,523,856             | -                         | 1,523,856                               |
| Other trading activities                                       | 228,663               | -                         | 228,663                                 |
| <b>TOTAL EXPENDITURE</b>                                       | <b>1,752,519</b>      | <b>-</b>                  | <b>1,752,519</b>                        |
| <b>Net income before taxation</b>                              | <b>77,602</b>         | <b>(28,446)</b>           | <b>49,156</b>                           |
| Taxation   | 38                    | -                         | 38                                      |
| <b>NET INCOME BEFORE TRANSFERS</b>                             | <b>77,564</b>         | <b>(28,446)</b>           | <b>49,118</b>                           |
| <b>NET INCOME BEFORE OTHER<br/>RECOGNISED GAINS AND LOSSES</b> | <b>77,564</b>         | <b>(28,446)</b>           | <b>49,118</b>                           |
| Actuarial gains on defined benefit pension schemes             | 26,000                | -                         | 26,000                                  |
| <b>NET MOVEMENT IN FUNDS</b>                                   | <b>103,564</b>        | <b>(28,446)</b>           | <b>75,118</b>                           |
| <b>RECONCILIATION OF FUNDS:</b>                                |                       |                           |   |
| Total funds brought forward                                    | (517,224)             | -                         | (517,224)                               |
| <b>TOTAL FUNDS CARRIED FORWARD</b>                             | <b>(413,660)</b>      | <b>(28,446)</b>           | <b>(442,106)</b>                        |

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**CONSOLIDATED STATEMENT OF FINANCIAL POSITION – 2020 RESTATEMENT**

|   | 2020<br>Original<br>£ | Income<br>correction<br>£ | 2020<br>Restated<br>£ |
|---|-----------------------|---------------------------|-----------------------|
| <b>FIXED ASSETS</b>   |                       |                           |                       |
| Tangible assets   | 30,966                | -                         | 30,966                |
|   | 30,966                | -                         | 30,966                |
| <b>CURRENT ASSETS</b>                                       |                       |                           |                       |
| Debtors   | 208,163               | (28,446)                  | 179,717               |
| Cash at bank and in hand                                    | 67,322                | -                         | 67,322                |
|   | 275,485               | (28,446)                  | 247,039               |
| <b>CREDITORS: amounts falling due within one year</b>       | (155,111)             | -                         | (155,111)             |
| <b>NET CURRENT ASSETS</b>                                   | 120,374               | (28,446)                  | 91,928                |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>                | 151,340               | (28,446)                  | 122,894               |
| <b>NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES</b>      | 151,340               | (28,446)                  | 122,894               |
| Defined benefit pension scheme liability                    | (565,000)             | -                         | (565,000)             |
| <b>NET LIABILITIES INCLUDING PENSION SCHEME LIABILITIES</b> | (413,660)             | (28,446)                  | (442,106)             |
| <b>CHARITY FUNDS</b>  |                       |                           |                       |
| Restricted funds  | -                     | -                         | -                     |
| Unrestricted funds:   | (413,660)             | (28,446)                  | (442,106)             |
| <b>TOTAL DEFICIT FUNDS</b>                                  | (413,660)             | (28,446)                  | (442,106)             |