

Registered number: 04274770
Charity number: 1091711

INDEPENDENT TRAINING SERVICES LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2022

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 2022**

Trustees

Miss. K Dickinson, Chair
Mrs. H E Jaggar
Mr. I K Koursis
Mr. D E MacDougall (resigned 6 January 2022)
Mr. A J Parker
Mrs N Barton (appointed 5 October 2022)

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
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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 JULY 2022

Chair's foreword

2021/22 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 2021/22 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.

Miss. K Dickinson, Chair, Board of Trustees

Managing Directors Introduction

The financial year 2021/22 was a difficult trading year due to various external factors including some COVID-19 cases in year, staff recruitment challenges and changes in national funding which has affected ITS's ability to deliver direct funded provision. The start of the year saw a downturn in operational performance of government funded apprenticeship which saw good signs of recovery in the last quarter. The other key issues that resulting in lower financial performance was due to the nature of the contracts that ITS deliver moving mainly from direct funded contracts to subcontracted funded contracts and delays in payments affecting the balance sheet.

ITS were successful in extending European funded contracts and winning DWP contracts in 2021/22 and these have supported further financial benefits and allowed ITS to diversify the training offer and expand to a wider audience. In year additional contracts on Adult Education programmes also allowed ITS to keep continue growth in one of our key areas of provision. Introduction of a new adult loan curriculum also allowed this contract to be delivered for the first time in three years.

The quality of provision has been good overall, but this has been impacted by ongoing staff recruitment challenges through the year. Additional support has been required for apprentices and employers in order to retain apprentices on courses, but this 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 results from previous changes to our subsidiary Smartstyle Technology Training Limited. This area of the business is well positioned to move forward for future years. The commercial training market has started to recover with 2021/22 being the first time in 4 years that SmartStyle has generated a profit.

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

Steve Hepworth
Managing Director

INDEPENDENT TRAINING SERVICES LIMITED

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TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 JULY 2022

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 2021 to 31 July 2022. 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 financial and operational performance and risk management 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

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TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 JULY 2022

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 2021/22

- 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 upon leaving training.
- Delivered ESFA Adult Education contract allocation.
- Achieved 99% achievement on subcontracted provision with Barnsley College.
- Introduced a new Adult Skills team.
- Centralised quality as a key shared service with Barnsley College.
- Secured a national apprenticeship levy contract.
- Launched a new distance learning academy

INDEPENDENT TRAINING SERVICES LIMITED

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TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 JULY 2022

Learners 2021/22

Learners remain central to our focus and purpose. During 2021/22 we carried out internal learner surveys.

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

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

- 100% agreed that they know how to keep themselves safe at work.
- 98% agreed that 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 on their programmes.

Employers and clients 2021/22

Our employer base has increased in 2021/22 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

Overall the company realised a total income position of £1,727k against a budget of £2,360k (73%). The company had a slow start to the year for apprenticeship income due to staff recruitment issues. This position improved in the final quarter of the year, but not enough to bridge the budget gap. The apprenticeship income achieved £441k (44% of the £1,000k original budget). The company have now successfully managed recruitment of the key vacancies and expect a better position for 2022/23.

The company restricted staff and non-pay costs but was unable to generate a profit before actuarial gains. The company delivered a significant portion of Adult Education activity which was subcontracted by Barnsley College.

The group net liability position has moved from £194,410 in 2020/21 to an asset of £97,135 in 2021/22. This is primarily in relation to the pension liability which has reduced to a nil position from a £322,000 liability.

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's total funds amounted to £97,135 at 31 July 2022 (2021: deficit of £194,410).

INDEPENDENT TRAINING SERVICES LIMITED

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TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 JULY 2022

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 2022 the company has unrestricted reserves of £97,135.

Fundraising Policy

The company does not undertake any fundraising activities.

The future outlook 2022/23

ITS continue to operate under improving circumstances following COVID-19. ITS now have a platform to grow apprenticeships properly on a national level with continued investment and diversification of the offer and employers that we are engaged with. Our profile of delivery is increasing and has expanded across the North and starting to develop in the south. Apprenticeships are currently at the highest they have been for 3 years, and adult loan growth achieved its highest delivery output yet.

ITS have expanded into new markets to better position us 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. ITS key challenge is improving the quality of the apprenticeship provision which has dropped due to the pandemic. Key priorities are listed below:

- Improving quality and apprenticeship achievement rates
- Growth on apprenticeship recruitment regionally
- Diversify the offer aware from health and social care
- Safeguard all learners
- Maintain an outstanding adult curriculum
- Gain additional funded contracts regionally and nationally
- Improve ITS financial health
- Achieve a net asset position
- Improve operating performance to generate surplus of at least 10% of income

INDEPENDENT TRAINING SERVICES LIMITED

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TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 JULY 2022

Going Concern

The group balance sheet shows net assets of £97,135 (2021 deficit of £194,410) and the loss for the year before actuarial gains was £40,455 (2021: £7,304).

The apprenticeship and commercial training market is a risk to the company achieving its financial forecasts. The company had staff recruitment issues in 2021/22 and this made the company vulnerable in its apprenticeship delivery; however, this position has been managed and improved performance is expected in 2022/23 as a result.

The going concern assessment considered the company financial operating forecasts and cash flow forecasts to July 2024. 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 for at least twelve months following from the date the financial statements are signed, including support for ITS's subsidiary Smartstyle Technology Training Limited which is in a net liabilities position at 31 July 2022. 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 qualify 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

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 projects for unemployed people and employed people across Sheffield City region and North East Derbyshire. We have also expanded our subcontracts in 2021/22 with the addition of subcontracting for adult provision with Barnsley College, Sunderland College and Barnsley Council and various projects.

Commercial training is improving and interest re-starting following COVID-19. Higher levels of activity have been delivered in 2021/22 and is growing with a new client base which has also allowed us to discuss other opportunities including apprenticeships. SmartStyle have also allowed us to deliver fundable digital training in South Yorkshire through new contracts we have gained with Growth Company and Barnsley Metropolitan Borough Council.

INDEPENDENT TRAINING SERVICES LIMITED

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TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 JULY 2022

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 continued to affect apprenticeship provision in 2021/22 with large cohorts of apprentices in the care sector, which resulted in apprenticeship achievements not being completed on time. Apprenticeship recruitment has recovered in the final quarter of the year which has been extremely positive.

Staff recruitment caused a challenge in 2021/22 and the lack of quality staff available in key posts.

Our historic Local Government Pension Scheme administrated by South Yorkshire Pensions Authority (SYPA) shows an actuarial position of nil; a reduction of £322,000 since July 2021. The actuary review resulted in asset position, we have under the FRS 102 accounting rules, shown this as a nil position within our balance sheet as the pension fund terms would not allow for the asset to be realised. 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 UK LLP our tax advisors, 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 the current annual contract.

INDEPENDENT TRAINING SERVICES LIMITED**(A company limited by guarantee)****TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 JULY 2022****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 12 December 2022 and signed on their behalf by:

Yiannis Koursis

.....
Yiannis Koursis

Trustee

21/12/2022

INDEPENDENT AUDITORS REPORT TO THE MEMBERS AND TRUSTEES OF INDEPENDENT TRAINING SERVICES LTD

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 2022, 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 2022 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

INDEPENDENT AUDITORS REPORT TO THE MEMBERS AND TRUSTEES OF INDEPENDENT TRAINING SERVICES LTD

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. This description forms part of our

**INDEPENDENT AUDITORS REPORT
TO THE MEMBERS AND TRUSTEES OF INDEPENDENT TRAINING SERVICES LTD**

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.

**INDEPENDENT AUDITORS REPORT
TO THE MEMBERS AND TRUSTEES OF INDEPENDENT TRAINING SERVICES LTD**

- 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
21/12/2022

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

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 2022

		Total funds	Restated Total Funds
	Note	2022 £	2021 £
INCOME FROM:			
Charitable activities	2	1,672,548	1,296,640
Other trading activities		54,740	97,998
Other income		38	4
TOTAL INCOME		1,727,326	1,394,642
EXPENDITURE ON:			
Charitable activities		(1,744,082)	(1,286,760)
Other trading activities		(23,699)	(114,311)
TOTAL EXPENDITURE		(1,767,781)	(1,401,071)
Net expenditure before taxation		(40,455)	(6,429)
Taxation		-	(875)
NET EXPENDITURE BEFORE TRANSFERS		(40,455)	(7,304)
NET EXPENDITURE BEFORE OTHER RECOGNISED GAINS AND LOSSES		(40,455)	(7,304)
Actuarial gains on defined benefit pension schemes	17	443,000	255,000
Restriction of actuarial surplus	17	(111,000)	-
NET MOVEMENT IN FUNDS		291,545	247,696
RECONCILIATION OF FUNDS:			
Total funds brought forward		(194,410)	(442,106)
TOTAL FUNDS CARRIED FORWARD		97,135	(194,410)

The notes on pages 18 to 41 form part of these financial statements.
The 2021 restatement is contained in note 21.

INDEPENDENT TRAINING SERVICES LIMITED
(A company limited by guarantee)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 JULY 2022

			2022	2021
	Note	£	£	Restated £
FIXED ASSETS				
Tangible assets	8		885	9,662
			<u>885</u>	<u>9,662</u>
CURRENT ASSETS				
Debtors	10	295,183	158,521	
Cash at bank and in hand		37,256	104,781	
		<u>332,439</u>	<u>263,302</u>	
CREDITORS: amounts falling due within one year	11	(236,189)	(145,374)	
NET CURRENT ASSETS		96,250		117,928
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>97,135</u>	<u>127,590</u>
NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES			97,135	127,590
Defined benefit pension scheme liability	17	-	-	(322,000)
NET ASSETS / (LIABILITIES) INCLUDING PENSION SCHEME LIABILITIES			<u>97,135</u>	<u>(194,410)</u>
CHARITY FUNDS				
Restricted funds			-	-
Unrestricted funds:	13	97,135	97,135	(194,410)
TOTAL SURPLUS FUNDS			<u>97,135</u>	<u>(194,410)</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 12 December 2022 and signed on their behalf, by:

Yiannis Koursis

.....

Yiannis Koursis 21/12/2022

The notes on pages 18 to 41 form part of these financial statements.

The 2021 restatement is contained in note 21.

INDEPENDENT TRAINING SERVICES LIMITED
(A company limited by guarantee)

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 JULY 2022

		2022	2021
		£	Restated £
	Note		
FIXED ASSETS			
Tangible assets	8	787	9,269
Investments		1,000	1,000
		<u>1,787</u>	<u>10,269</u>
CURRENT ASSETS			
Debtors	10	478,354	448,701
Cash at bank and in hand		26,515	83,690
		<u>504,869</u>	<u>532,391</u>
CREDITORS: amounts falling due within one year	11	<u>(157,596)</u>	<u>(132,187)</u>
NET CURRENT ASSETS		<u>347,273</u>	400,204
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>349,060</u>	410,473
CREDITORS: amounts falling due after more than one year		-	-
NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES		<u>349,060</u>	410,473
Defined benefit pension scheme liability	17	-	(322,000)
NET ASSET INCLUDING PENSION SCHEME LIABILITIES		<u>349,060</u>	<u>88,473</u>
CHARITY FUNDS			
Restricted funds		-	-
Unrestricted funds:	13	349,060	88,473
TOTAL SURPLUS FUNDS		<u>349,060</u>	<u>88,473</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 12 December 2022 and signed on their behalf, by:

Yiannis Koursis

.....
Yiannis Koursis 21/12/2022

The notes on pages 18 to 41 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 2022

		2022	2021
	Note	£	£
Cash flows from operating activities			
Net cash from operating activities	15	(67,525)	46,703
Cash flows from financing activities:			
Repayments of borrowings		-	(7,322)
Interest on borrowings		-	(1,047)
Tax paid		-	(875)
Net cash used in financing activities		-	(9,244)
Change in cash and cash equivalents in the year		(67,525)	37,459
Cash and cash equivalents brought forward		104,781	67,322
Cash and cash equivalents carried forward	16	37,256	104,781

The notes on pages 18 to 41 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 2022

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 assets of £97,135 (2021 deficit of £194,410) and the loss for the year before actuarial gains was £40,455 (2021: £7,304).

The apprenticeship market and the commercial training market is a risk to the company achieving its financial forecasts. The company had staff recruitment issues in 2021/22 and this made the company vulnerable in its apprenticeship delivery, this is not isolated to the company; this position has been managed and improved performance is expected in 2022/23 as a result. During this time expenditure was minimised and where possible new staff recruitment was on hold until income was secured.

The going concern assessment considered the company financial operating forecasts and cash flow forecasts to July 2024. 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 for at least twelve months following from the date the financial statements are signed, including support for ITS's subsidiary Smartstyle Technology Training Limited which is in a negative liabilities position at 31 July 2022. 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 2022

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.

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 its subsidiary entity SmartStyle Technology Training Limited.

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

ITS company made a surplus of £260,587 for the financial year ended 31 July 2022 (2021 - £264,094).

INDEPENDENT TRAINING SERVICES LIMITED
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2022

1. ACCOUNTING POLICIES (continued)

1.7 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

1.8 Investments

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

1.9 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.

1.10 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.

1.11 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.

1.12 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 2022

1 ACCOUNTING POLICIES (continued)

1.13 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.

1.14 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.

1.15 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 benefit pension scheme, and the pension charge is based on a full actuarial valuation dated 31 March 2019, updated to 31 July 2022 by the actuary. More detail of the scheme can be found in Note 17.

1.16 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.

INDEPENDENT TRAINING SERVICES LIMITED
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2022

1. ACCOUNTING POLICIES (continued)

1.17 Critical accounting estimates

The preparation of financial statements may require management to make significant judgements and estimates. 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. There are no critical areas of judgements.

Critical accounting estimates:

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.

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 including the discount rate which is the most sensitive to the macro-economic environment. 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 2019 has been used by the actuary in valuing the pension liability at 31 July 2022. 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.

1.18 Restatement

A detailed reconciliation of accrued income carried out during the year identified overstated income that had been recognised in the previous financial period. Therefore 2021 figures have been restated. The impact of these changes is a decrease to revenue and debtors of £177,237. Refer to Note 21.

INDEPENDENT TRAINING SERVICES LIMITED
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2022

2. INCOME FROM CHARITABLE ACTIVITIES

	Total 2022 £	Total 2021 Restated £
ESFA – Non-levy / levy income	419,220	382,203
ESFA – Learner Responsive	(2,788)	214,962
Other	1,256,116	699,475
	<u>1,672,548</u>	<u>1,296,640</u>

The company received £139,211 in 2021 in relation to the ESFA supplier relief fund This is included within ESFA- Non-levy/levy income; there was no funding in 2022.

There is £30,701 of Coronavirus Job Retention Funding contained within the other trading activities income for 2021; no funding was received in 2022.

3. DIRECT COSTS

	Total 2022 £	Total 2021 £
Administration expenses	103,328	45,049
Educational expenditure and associated recreational costs	535,459	408,162
Wages and salaries	624,435	590,765
National insurance	61,589	55,140
Staff Pension costs	37,723	29,669
	<u>1,362,534</u>	<u>1,128,785</u>

INDEPENDENT TRAINING SERVICES LIMITED
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2022

4. SUPPORT COSTS

	2022	2021
	£	£
Premises costs	76,837	43,934
Office administrative costs	266,550	57,678
Computer and software costs	10,682	19,665
Depreciation and amortisation	8,777	21,009
Bank charges	(166)	1,488
Bad debts	12,868	4,154
Loan interest	-	1,047
Pension interest	6,000	9,000
	381,548	157,975

5 NET INCOME / (EXPENDITURE)

This is stated after charging:

	2022	2021
	£	£
Depreciation of tangible fixed assets:- owned by the charitable group	8,777	21,304
Operating lease rentals	30,000	43,190

During the year, no Trustees received any remuneration (2021 - £nil). During the year, no Trustees received any benefits in kind (2021 - £nil).

During the year, no Trustees received any reimbursement of expenses (2021 - £nil).

6 AUDITORS' REMUNERATION

Fees payable to the company's auditor for the audit of the group annual accounts	2022	2021
	£	£
Independent Training Services Ltd	12,500	11,000
SmartStyle Ltd	3,000	3,000
	15,500	14,000

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 2022

7 STAFF COSTS

Staff costs were as follows:

	Group 2022 £	Company 2022 £	<i>Group 2021 £</i>	<i>Company 2021 £</i>
Wages and salaries	624,435	624,435	663,983	591,765
Social security costs	61,589	61,589	58,412	55,140
Other pension costs	37,723	37,723	30,624	29,669
	723,747	723,747	753,019	676,574

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

	2022 No.	<i>2021 No.</i>
Administration	6	7
Teaching	12	14
Management	4	4
	22	25

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 (2021: £65,000).

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:

	2022 No.	<i>2021 No.</i>
In the band £60,001 - £65,000	1	1

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

	2022 £'000	<i>2021 £'000</i>
Salaries – gross of salary sacrifice and waived emoluments	65	65
Employers National Insurance	9	8
	74	73
Pension contributions	19	20
Total emoluments	93	93

INDEPENDENT TRAINING SERVICES LIMITED
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2022

8 TANGIBLE FIXED ASSETS

	Fixtures and fittings £	Computer equipment £	Total £
Group			
Cost			
At 1 August 2021	283,536	270,365	553,901
Disposals	(267,656)	(259,051)	(526,707)
Additions	-	-	-
	15,880	11,314	27,194
Depreciation			
At 1 August 2021	276,324	267,915	544,239
Disposals	(267,656)	(259,051)	(526,707)
Charge for the year	7,212	1,565	8,777
At 31 July 2022	15,880	10,429	26,309
Net book value			
At 31 July 2022	-	885	885
<i>At 31 July 2021</i>	<i>7,212</i>	<i>2,450</i>	<i>9,662</i>
	Fixtures and fittings £	Computer equipment £	Total £
Charity			
Cost			
At 1 August 2021	283,536	269,481	553,017
Disposals	(267,656)	(259,051)	(526,707)
Additions	-	-	-
At 31 July 2022	15,880	10,430	26,310
Depreciation			
At 1 August 2021	276,324	267,424	543,748
Disposals	(267,656)	(259,051)	(526,707)
Charge for the year	7,212	1,270	8,482
At 31 July 2022	15,880	9,643	25,523
Net book value			
At 31 July 2022	-	787	787
<i>At 31 July 2021</i>	<i>7,212</i>	<i>2,057</i>	<i>9,269</i>

INDEPENDENT TRAINING SERVICES LIMITED
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2022

9 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, England, S70 2EG.	

The aggregate of the share capital and reserves as at 31 July 2022 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

Name	Aggregate of share capital and reserves £	Profit £
Smartstyle Technology Training Limited	<u>(250,125)</u>	<u>28,760</u>

Company	Shares in group undertakings £
At 1 August 2021 and 31 July 2022	1,000

INDEPENDENT TRAINING SERVICES LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2022

10 DEBTORS

	Group		Company	
	2022	2021 Restated	2022	2021 Restated
	£	£	£	£
Trade debtors	65,148	126,655	55,934	113,303
Amounts owed by group parent	-	-	202,852	303,532
Prepayments and accrued income	230,035	31,866	219,568	31,866
	295,183	158,521	478,354	448,701

11 CREDITORS: Amounts falling due within one year

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Trade creditors	76,662	64,813	76,042	60,259
Amounts owed to group undertakings	76,495	12,627	-	10,077
Other taxation and social security	18,821	19,165	18,427	13,082
Other creditors	-	7,407	-	7,407
Accruals and deferred income	64,211	41,362	63,127	41,362
	236,189	145,374	157,596	132,187

12 FINANCIAL INSTRUMENTS

	2022	2021
	£	£
Financial assets measured at amortised cost	319,426	340,455
Financial liabilities measured at amortised cost	140,873	138,690

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 and accruals.

INDEPENDENT TRAINING SERVICES LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2022

13 CONSOLIDATED STATEMENT OF FUNDS STATEMENT OF FUNDS - CURRENT YEAR

	Balance at 1 August 2021 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 July 2022 £
General Funds						
General Funds	127,591	1,727,326	(1,757,781)	(1)	-	97,135
Pension reserve	(322,000)	-	(10,000)	-	332,000	-
Other General Funds	(1)	-	-	1	-	-
Total	(194,410)	1,727,326	(1,767,781)	-	332,000	97,135
Unrestricted Funds	(194,410)	1,727,326	(1,767,781)	-	332,000	97,135
Total funds	(194,410)	1,727,326	(1,767,781)	-	332,000	97,135

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

INDEPENDENT TRAINING SERVICES LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2022

13. STATEMENT OF FUNDS (continued)

CONSOLIDATED STATEMENT OF FUNDS - PRIOR YEAR RESTATED

	Balance at 1 August 2020	Income	Expenditure	Taxation	Transfers in/out	Gains/ (Losses)	Balance at 31 July 2021
	£	£	£	£	£	£	£
General funds							
General Funds	122,895	1,376,859	(1,219,159)	(875)	(152,129)	-	127,591
Pension reserve	(565,000)	-	(12,000)	-	-	255,000	(322,000)
Other General Funds	(1)	-	-	-	-	-	(1)
Total	(442,106)	1,376,859	(1,231,159)	(875)	(152,129)	255,000	(194,410)
Unrestricted Funds	(442,106)	1,376,859	(1,231,159)	(875)	(152,129)	255,000	(194,410)
Restricted funds							
Apprenticeship grant	-	169,912	(169,912)	-	-	-	-
	-	169,912	(169,912)	-	-	-	-
Total of funds	(442,106)	1,546,771	(1,401,071)	(875)	(152,129)	255,000	(194,410)

INDEPENDENT TRAINING SERVICES LIMITED
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2022

13. STATEMENT OF FUNDS (continued)

CONSOLIDATED SUMMARY OF FUNDS - CURRENT YEAR

	Balance at 1 August 2021 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 July 2022 £
General funds	(194,410)	1,727,326	(1,767,781)	-	332,000	97,135
Restricted funds	-	-	-	-	-	-
	<u>(194,410)</u>	<u>1,727,326</u>	<u>(1,767,781)</u>	<u>-</u>	<u>332,000</u>	<u>97,135</u>

CONSOLIDATED SUMMARY OF FUNDS - PRIOR YEAR

	Balance at 1 August 2020 £	Income £	Expenditure £	Taxation £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 July 2021 £
Designated funds	-	-	-	-	-	-	-
General funds	(442,106)	1,376,859	(1,231,159)	(875)	(152,129)	255,000	(194,410)
	<u>(442,106)</u>	<u>1,376,859</u>	<u>(1,231,159)</u>	<u>(875)</u>	<u>(152,129)</u>	<u>255,000</u>	<u>(194,410)</u>
Restricted funds	-	169,912	(169,912)	-	-	-	-
	<u>(442,106)</u>	<u>1,546,771</u>	<u>(1,401,071)</u>	<u>(875)</u>	<u>(152,129)</u>	<u>255,000</u>	<u>(194,410)</u>

INDEPENDENT TRAINING SERVICES LIMITED
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2022

14 ANALYSIS OF NET ASSETS BETWEEN FUNDS

ANALYSIS OF NET ASSETS BETWEEN FUNDS - CURRENT YEAR

	Unrestricted funds	Restricted funds	Total funds
	2022	2022	2022
	£	£	£
Tangible fixed assets	885	-	885
Current assets	332,439	-	332,439
Creditors due within one year	(236,189)	-	(236,189)
	<u>97,135</u>	<u>-</u>	<u>97,135</u>

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	<i>Unrestricted funds</i>	<i>Restricted funds</i>	<i>Total funds</i>
	2021	2021	2021
	£	£	£
Tangible fixed assets	9,662	-	9,662
Current assets	263,302	-	263,302
Creditors due within one year	(145,374)	-	(145,374)
Creditors due in more than one year	(322,000)	-	(322,000)
	<u>(194,410)</u>	<u>-</u>	<u>(194,410)</u>

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15 RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2022	Group Restated 2021
	£	£
Net income for the year (as per Statement of Financial Activities)	(40,455)	(7,304)
Adjustment for		
Depreciation charges	8,777	21,304
Tax charge	-	875
Increase in debtors	(136,662)	21,196
Increase / (decrease) in creditors	90,815	(2,415)
Interest costs	6,000	10,047
Pension costs	4,000	3,000
Net cash from operating activities	(67,525)	46,703

16 ANALYSIS OF CASH AND CASH EQUIVALENTS

	2022	Group 2021
	£	£
Cash in hand	37,256	104,781
Total	37,256	104,781

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17 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 £37,723 (2021: £30,624).

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 2022 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 2023 to fund the past service deficit. The gain on the scheme's assets during the year was £443,000 before the surplus restriction (2021: £278,000), being 14.5% (2021: 12.8%) of the year end assets.

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

	2022	2021
Discount rate at 31 July	3.45%	1.60%
CPI inflation rate	3.15%	2.60%
Future salary increases	2.80%	2.60%
Future pension increases	3.15%	2.60%

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 2022 Years	At 31 July 2021 years
<i>Retiring today</i>	Males	21.3	21.3
	Females	24.3	24.3
<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 31 July 2022 £	Fair value at 31 July 2021 £
Equities	1,487,000	1,045,000
Government bonds	481,000	305,000
Other bonds	-	166,000
Property	197,000	192,000
Cash / liquidity	22,000	39,000
Other	-	431,000
Total market value of assets	2,187,000	2,178,000

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17 PENSION COMMITMENTS (continued)

The actual gain on scheme assets was £443,000 (2021 - £255,000 gain).

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

	2022	2021
	£	£
Current service cost	25,000	24,000
Interest cost on pension scheme obligations	6,000	9,000
Total	<u>31,000</u>	<u>33,000</u>

Movement in net defined benefit liability during year	2022	2021
	£'000	£'000
Net defined benefit liability at 1 August	(322,000)	(565,000)
Movement in year:		
Current service cost	(25,000)	(24,000)
Employer contributions	21,000	21,000
Net interest on the defined liability	(6,000)	(9,000)
Actuarial gain	443,000	255,000
Restriction of actual surplus	(111,000)	-
Net defined benefit liability at 31 July	<u>-</u>	<u>(322,000)</u>

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

	2022	2021
	£	£
Opening defined benefit obligation	2,500,000	2,474,000
Interest cost	40,000	37,000
Contributions by scheme participants	6,000	6,000
Current service cost	25,000	24,000
Benefits paid	(77,000)	(64,000)
Actuarial (gains)/loss	(418,000)	23,000
Closing defined benefit obligation	<u>2,076,000</u>	<u>2,500,000</u>

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17 PENSION COMMITMENTS (continued)

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

	2022 £	2021 £
Opening fair value of scheme assets	2,178,000	1,909,000
Expected return on assets	25,000	28,000
Actuarial gains/(losses)	34,000	278,000
Contributions by employer	21,000	21,000
Contributions by scheme participants	6,000	6,000
Benefits paid	(77,000)	(64,000)
	2,187,000	2,178,000

Amounts for the current and previous period are as follows:

	2022 £	2021 £
Defined benefit obligation	(2,076,000)	(2,500,000)
Scheme assets	2,187,000	2,178,000
Restriction of actual surplus	(111,000)	-
Surplus / (Deficit)	-	(322,000)
Experience adjustments on scheme liabilities	12,000	(52,000)

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17 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 (GMP) provisions. The 2018 Lloyds Bank court judgement provided clarity in this area. A further High Court ruling in 2020 extended GMP equalisation costs to historic transfers, potentially creating a further liability for pension schemes. The LGPS has allowed for the impact of full GMP indexation in the calculation of the latest funding valuation results in respect of the 2018 ruling. The actuaries believe the 2020 ruling is unlikely to have a significant impact, so they have not made any allowance for this in their calculations.

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 key feature of the proposed remedy was to extend the final salary scheme underpin to a wider group of members for service up to 31 March 2022. The College's pension liabilities in respect of the South Yorkshire Pension Fund have increased due to this. The fund actuary has included an allowance that is substantially in line with the judgement and the effect of any minor proposed changes will have an estimated liability of nil. The schemes actuaries have rolled forward the previous allowance and no additional adjustment has been made for the current year.

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 College, 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 (circa 0.1-0.2% of the obligations) and there is currently insufficient data available to estimate a cost

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2022

18 OPERATING LEASE COMMITMENTS

At 31 July 2022 the total of the group's future minimum lease payments under non-cancellable operating leases was:

	Land and buildings		Other	
Group:	2022	2021	2022	2021
	£	£	£	£
Amounts payable				
Within 1 year	8,100	32,400	554	554
Between 1 and 5 years	-	8,100	-	-
Total	8,100	40,500	554	554

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

Charitable company
Amounts payable:

	2022	2021
	£	£
Within 1 year	8,100	32,400
Between 1 and 5 years	-	8,100
Total	8,100	40,500

19 RELATED PARTY TRANSACTIONS

Owing to the nature of the Companies operations and the composition of the Board of Directors being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the Board of Directors may have an interest. All transactions involving such organisations are conducted at arms' length and in accordance with Barnsley College's financial regulations and normal procurement procedures.

Summary of transactions with organisations connected to members of the Board of Directors

Related Party	Related party of the company	Transactions during the year	Income Related	Expenditure Related	Debtor Balance at 31 July 2022	Creditor Balance at 31 July 2022	Nature of goods or services purchased by the college	Nature of goods or services purchased by the other party
ABC	Director	£7,156	£0	£7,156	£0	£1,688	Rates	n/a
NOCN	Director	£6,936	£0	£6,936	£0	£1,100	Exam costs	n/a

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The total expenses paid to or on behalf of the trustees during the year was £nil, (2020/21: £nil).

There were transactions with Group companies within the group during the normal course of business; this was in relation to subcontracting arrangements between Barnsley College and ITS for the delivery of Adult Education Budget (AEB) provision. The income received by ITS from Barnsley College during the year was £684k and the debtor balance due from Barnsley College was nil.

No trustee has received any remuneration or waived payments from the Company or its subsidiaries during the year (2020/21: Nil).

20 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 which includes Independent Training Services Limited and Smartstyle Technology Training Limited are available on the College's website or on request from Barnsley College, Church Street, Barnsley, S70 2AX.

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NOTES TO THE FINANCIAL STATEMENTS
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21 2021 RESTATEMENT

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

2021 RESTATEMENT

FOR THE YEAR ENDED 31 JULY 2021

	Original 2021 £	Income correction £	Total Funds Restated 2021 £
INCOME FROM:			
Charitable activities	1,473,877	(177,237)	1,296,640
Other trading activities	97,998	-	97,998
Investments	-	-	-
Other income	4	-	4
TOTAL INCOME	1,571,879	(177,237)	1,394,642
EXPENDITURE ON:			
Charitable activities	1,286,760	-	1,286,760
Other trading activities	114,311	-	114,311
TOTAL EXPENDITURE	1,401,071	-	1,401,071
Net expenditure before taxation	170,808	(177,237)	(6,429)
Taxation	875	-	875
NET EXPENDITURE BEFORE TRANSFERS	169,933	(177,237)	(7,304)
NET EXPENDITURE BEFORE OTHER RECOGNISED GAINS AND LOSSES	169,933	(177,237)	(7,304)
Actuarial gains on defined benefit pension schemes	255,000	-	255,000
NET MOVEMENT IN FUNDS	424,933	(177,237)	247,696
RECONCILIATION OF FUNDS:			
Total funds brought forward	(442,106)	-	(442,106)
TOTAL FUNDS CARRIED FORWARD	(17,173)	(177,237)	(194,410)

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NOTES TO THE FINANCIAL STATEMENTS
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21 2021 RESTATEMENT

CONSOLIDATED STATEMENT OF FINANCIAL POSITION – 2021 RESTATEMENT

	2021 Original £	Income correction £	2021 Restated £
FIXED ASSETS			
Tangible assets	9,662	-	9,662
	9,662	-	9,662
CURRENT ASSETS			
Debtors	335,758	(177,237)	158,521
Cash at bank and in hand	104,781	-	104,781
	440,539	(177,237)	263,302
CREDITORS: amounts falling due within one year	(145,374)	-	(145,374)
NET CURRENT ASSETS	295,165	(177,237)	117,928
TOTAL ASSETS LESS CURRENT LIABILITIES	304,827	(177,237)	127,590
NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES	304,827	(177,237)	127,590
Defined benefit pension scheme liability	(322,000)	-	(322,000)
NET LIABILITIES INCLUDING PENSION SCHEME LIABILITIES	(17,173)	(177,237)	(194,410)
CHARITY FUNDS			
Restricted funds	-	-	-
Unrestricted funds:	(17,173)	(177,237)	(194,410)
TOTAL DEFICIT FUNDS	(17,173)	(177,237)	(194,410)