

REGISTERED COMPANY NUMBER 05502449

REGISTERED CHARITY NUMBER 1114282

GATEWAY QUALIFICATIONS LIMITED
(A company limited by guarantee)

ANNUAL REPORT AND
FINANCIAL STATEMENTS

31 JULY 2020

GATEWAY QUALIFICATIONS LIMITED

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GATEWAY QUALIFICATIONS LIMITED

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees

Chair

Miles Cole
University of Suffolk

Vice Chair

David Ruddy (from 13 May 2020)
West Suffolk College

Other Trustees

Anne Thompson
Independent

Elizabeth Laycock (Resigned 13 May 2020)
Independent

Lynsi Hayward-Smith
Independent

Alison Andreas
Colchester Institute

Graham Razey (Resigned 5 February 2020)
EKC Group

Alison Davies
Chelmsford College

Maxine Smith (Resigned 5 February 2020)
Independent

Federico Carlos Cubillo-Barsi
Digital Skills Solutions Limited

Jill Holliday
University of Essex

Anthea Hockly
Essex Partnership NHS Foundation Trust

Paul Whitehead
Harlow College

Gail May (Appointed 14 October 2020)
University of East London

GATEWAY QUALIFICATIONS LIMITED

LEGAL AND ADMINISTRATIVE INFORMATION

Company Secretary Lorraine Wreford

Chief Executive Officer Carol Snape

Registered Company number 05502449
Registered Charity number 1114282

Address Gateway House
3 Tollgate Business Park
Tollgate West
Colchester
CO3 8AB

Auditors Scrutton Bland LLP
Chartered Accountants and
Statutory Auditor
820 The Crescent
Colchester Business Park
Colchester
CO4 9YQ

Bankers Barclays PLC
1 Churchill Place
Canary Wharf
London
E14 5HP

GATEWAY QUALIFICATIONS LIMITED

REPORT OF THE BOARD OF TRUSTEES YEAR ENDED 31 JULY 2020

The Board of Trustees, who are also Directors for the purposes of the Companies Act, present their annual report and the financial statements of Gateway Qualifications Limited for the year ended 31 July 2020. The Trustees have adopted the provisions of the FRS 102 Charities SORP and have followed UK generally accepted accounting principles in preparing the Annual Report and Financial Statements of the charity.

Gateway Qualifications Limited was incorporated on 7 July 2005. Open College Network (North and East London and Hertfordshire) and Open College Network Anglia merged on 1 August 2005 from which date their activities were carried on by Open College Network Eastern Region. The company rebranded to Gateway Qualifications Limited in April 2013 and formally changed the company name to Gateway Qualifications Limited by means of Special Resolution approved by the Members on 5 February 2015.

Legal and Administrative Information

The Board of Trustees set out below have held office during the whole of the period to the date of this report, unless otherwise stated:

Chair	Miles Cole University of Suffolk	
Vice Chair	David Ruddy West Suffolk College	(from 13 May 2020)
Other Trustees	Anne Thompson Independent	
	Elizabeth Laycock Independent	(Resigned 13 May 2020)
	Lynsi Hayward-Smith Independent	
	Alison Andreas Colchester Institute	
	Graham Razey EKC Group	(Resigned 5 February 2020)
	Alison Davies Chelmsford College	
	Maxine Smith Independent	(Resigned 5 February 2020)
	Federico Carlos Cubillo-Barsi Digital Skills Solutions Limited	
	Jill Holliday University of Essex	

GATEWAY QUALIFICATIONS LIMITED

REPORT OF THE BOARD OF TRUSTEES YEAR ENDED 31 JULY 2020

Other Trustees (continued)

Anthea Hockly
Essex Partnership NHS Foundation Trust

Paul Whitehead
Harlow College

Gail May (Appointed 14 October 2020)
University of East London

The appointment to the Board of Trustees is by election at a Board Meeting.

Senior leadership team

Carol Snape	Lorraine Wreford
Paul Saunders	Philippa Farrell

The Board of Trustees will establish the salary level of the Chief Executive Officer at appointment and will review on an annual basis.

SLT salaries are paid on a fixed (spot) point salary taking responsibility and market rates into account for new appointments. Any increases are based on performance and are approved by the Board of Trustees on the recommendation of the CEO.

Professional Indemnity Insurance was in place throughout the year for both the Trustees and Directors.

Objectives and Organisation Structure

Gateway Qualifications Limited is a company limited by guarantee and a registered charity. The charity's governing document is its Articles of Association, originating from its inauguration and updated by Special Resolution on 16 October 2019. The Objects of the charity are reported below under Objectives and Activities.

The charity drew its initial Trustees from the inaugural members of the company as the signatories to the Articles of Association. Subsequent Trustees are recruited through a search process instigated by the Board of Trustees. Any appointments made to the Board of Trustees are required to be ratified at the next Board Meeting.

The Board of Trustees has established four committees, a Finance and General Purposes Committee, a Quality and Standards Committee, an Access to Higher Education Committee and a Search and Review Committee. The remit and terms of reference for these committees are clearly set out and included in the charity's Governance Manual. Any decisions made by these committees are either made with the delegated authority of the Board of Trustees, or are referred to the Board of Trustees for ratification. All four committees have a Chair and Vice Chair who are Trustees, and any members of the committees who are not Trustees need to be approved by the Board of Trustees.

In setting Gateway Qualifications' objectives and planning its activities the Board of Trustees has given careful consideration to the Charity Commission's general guidance on public benefit. In doing so, the Board of Trustees has complied with its duties in this area as set out in section 4 of the Charities Act 2006.

GATEWAY QUALIFICATIONS LIMITED

REPORT OF THE BOARD OF TRUSTEES YEAR ENDED 31 JULY 2020

Regulators

During the year ended July 2020 Gateway Qualifications was accredited to operate with a number of Regulators, as follows: Ofqual, Qualifications Wales, and as an Access Validating Agency, licensed by the Quality Assurance Agency for Higher Education (QAA) to validate Access to Higher Education programmes and to issue Access to HE certificates to learners.

Governance Review

At the Board of Trustees meeting in July 2018, Trustees identified the need for a governance review in order to ensure that the Articles of Association and Standing Orders remain consistent, accurate and current. A working party was formed of three Trustees and the CEO to review governance of the charity, seek and consider legal advice from the company solicitors, and propose to the full Board of Trustees any changes which may be required.

One particular recommendation from the Governance Working Party, based on legal advice, was that the company law Membership of the Charity be reduced in size, and the Charity adopts a "foundation structure", which would mean that in future Trustees would be the only company law Members of the Charity. The new Articles of Association, which encapsulate this recommendation, were approved by members by Special Resolution on 16 October 2019.

Membership

By adoption of the Foundation Structure, Membership of the Charity is automatically held by the Trustees of the Charity. Should a Trustee resign from his/her position as a Trustee, he/she will be automatically removed from the Membership of the Charity.

Risks and Reserves

Gateway Qualifications Limited Board of Trustees has three layers of reserves requirements. The Operational Reserve is set to cover the peaks and troughs in the business cycle, the Opportunistic Reserve enabling the company to invest in opportunities without the need to compromise the Operational Reserve, and the longer-term reserve which is intended to reduce the impact upon the company of large changes within the external environment.

Gateway Qualifications Limited Board of Trustees is pleased to report that for the year ended July 2020, the first two layers of reserves has been achieved with a figure of £1,880,110 for the Operational Reserve and £500,000 for the Opportunistic Reserve. In addition, progress has been made against achieving the Long-Term Reserve with a figure of £652,550 achieved towards a target of £1,000,000. The reserves figure of £3,032,660 at the end of the financial year places the company in a favourable financial position for the forthcoming years.

Risk Management

The Board of Trustees continues to oversee work to mitigate risk to the company by the adoption of a risk based approach to all of the company's work, and the tight tracking of the level of risk both at management and organisational level. Risk identification is tightly aligned to the strategic and operating plans of Gateway Qualifications Limited, and monitored and managed at monthly review meetings.

GATEWAY QUALIFICATIONS LIMITED

REPORT OF THE BOARD OF TRUSTEES YEAR ENDED 31 JULY 2020

Risk Management – (continued)

The Risk and Issue Management Policy ensures that risk identification happens at operational as well as strategic levels, each team and project operating their own risk register linking into an identified escalation process. Team meetings continue to act as a means of identifying potential risk areas. In addition:

- All Board and management meetings have risk and issue management as a standard agenda item.
- A risk based monitoring approach to managing Centres is embedded.
- Quality improvement continues to be a focus for all provision.

The major risks to which the charity is exposed are reviewed and set out in the Business Continuity Plan, together with the systems established to mitigate those risks.

The principal risks and uncertainties facing the charity are identified as follows:

- Potential loss of income associated with Government policy changes with regards to educational provision, regulatory requirements and associated funding decisions.
- Adequate resources required to support different qualifications types and assessment strategies associated with changing Government policy.
- Adequate and appropriate staffing requirements are maintained, whilst at the same time not increasing prices for customers.

Plans and strategies for managing those risks include:

- A strategy of diversification of product range developed with, and monitored by, the Board of Trustees, to ensure that the risk of external changes is spread with different product offerings replacing products at risk.
- Close monitoring of types of qualifications offered and associated resource requirements, through the Quality and Standards Committee and overseen by the Board of Trustees.
- An annual review of staffing requirements, with adjustments made as required, to ensure that staffing levels are maintained in an appropriate and affordable way as the market changes.

GATEWAY QUALIFICATIONS LIMITED

REPORT OF THE BOARD OF TRUSTEES YEAR ENDED 31 JULY 2020

Objectives and Activities

Charitable Objects and Public Benefit

During the year ending July 2020 the Charity operated under the Objects as outlined below.

The objects ("the Objects") for which the Charity is established are the advancement of learning and education of the public by in particular, but not exclusively, one or more of the following ways:-

by promoting and widening participation in education and training, particularly by those who have benefited least from existing provision;

by improving the quality and flexibility of education and training provision for the public benefit, primarily for those learners who have previously been excluded from educational opportunities;

by improving the educational welfare and access to learning opportunities and facilitating progression to further learning, employment and higher education particularly through the award of credits and credit-based qualifications;

by supporting the arrangements of Ofqual, and the Quality Assurance Agency for Higher Education or the appropriate agency acting on behalf of the Department for Education and the Department for Business Innovation and Skills or relevant government departments to monitor the terms of their licences;

improving access to higher education by establishing, carrying on and conducting the principles of the award of credits and credit-based learning through licensing arrangements with Ofqual and operating as an Access Validating Agency under licence from The Quality Assurance Agency for Higher Education or the appropriate agency acting on behalf of the Department for Education; and

by encouraging and assisting organisations within its operational area to provide a wider range of quality assured accredited learning opportunities.

In order to achieve these objectives Gateway Qualifications Limited undertakes accreditation activities with a wide range of education and training providers, offering Gateway Qualifications Limited qualifications, Access to HE Diploma courses and quality assured programmes. This accreditation ranges primarily from Entry Level to Level Six for which Gateway Qualifications Limited quality assures the provision and certificates learners who achieve either credit or qualifications.

Gateway Qualifications Limited has had regard to the Charity Commission's guidance on public benefit. The principles, and the relevance of the activities of Gateway Qualifications Limited to these principles, are set out below:

Principle 1: there must be an identifiable benefit or benefits

Gateway Qualifications Limited works to achieve widening participation and educational opportunities in further and higher education and in other education providers by improving the quality and flexibility of education and training provision.

GATEWAY QUALIFICATIONS LIMITED

REPORT OF THE BOARD OF TRUSTEES YEAR ENDED 31 JULY 2020

Charitable Objects and Public Benefit – (continued)

Principle 2: Benefit must be to the public or section of the public

Gateway Qualifications Limited focuses on the public in England and Wales, especially those learners who have previously not had the full benefit of educational opportunities.

Gateway Qualifications' Strategic Aims for 2020-2021 are:

- 1. Growth**
- 2. Innovation**
- 3. Capacity**

Gateway Qualifications' goals and milestones for achieving these objectives are detailed in its 2019-22 Strategic Business Plan and its 2020-21 Operating Plan.

Achievement and Performance

Significant external challenges continue as the government implements its reform programme of vocational education, and the company continues to respond and change in order to meet customers' requirements within this environment. The external environment continues to place challenges with the squeeze on awarding organisations being felt from both the policy makers and the funders. The impact of COVID-19 places additional pressures on the education and awarding sectors. Despite these challenges, Gateway Qualifications Limited achieved income in excess of £3.0m.

Achievements 2019-20

- Achieved sales in excess of £3.0m, despite the impact of COVID-19
- Successfully passed Ofqual technical evaluation for EDSQ's
- Developed 8 new Access to HE Diplomas, including 1 off the shelf Gateway Qualifications Diploma
- Developed substantial support materials to complement Gateway Qualifications' validated Access to HE Diplomas
- Developed 14 new RQF qualifications
- Customer Excellence Standard achieved
- Successfully implemented alternative awarding process – supporting both QAA and Ofqual regulated learners and all recognised centres
- Completed 133 qualification reviews, and 83 qualification withdrawals
- Significant product launch for EDSQs – resulting in a substantial number of new centres signed up to run EDSQs

GATEWAY QUALIFICATIONS LIMITED

REPORT OF THE BOARD OF TRUSTEES YEAR ENDED 31 JULY 2020

Achievement and Performance (continued)

- Development of partnership with Code Institute and successful launch of online Level 5 Diploma in Software Development
- E-certification rolled out for all recognised centres
- Supported learners by sponsoring Learning Revolution Trust and Harlow College
- 29 webinars run, 6,100 total registrations, with 60% attendance achieved

Review of Financial Position

The company achieved income of £3,003k which is a 0.5% decrease compared with the previous year and was due to lower registration in the summer term due to COVID-19.

Expenditure for the year was £2,486k, which was £231k less than 2018-19. Reported costs have fallen as a result of a £125k reduction in the provision required at the year end in respect of the USS pension scheme funding plan. In the previous year this pension provision increased by £278k, making a year on year movement on expenditure of £403k in respect of this provision. Overall, underlying costs excluding this provision movement were £172k higher than the previous year.

The overall outturn is a £516k surplus, an improvement of £218k compared to the previous year.

Reserves at year end are £3.0m and equate to ninety percent of the total reserve policy having been achieved.

As in the previous year, throughout 2019-20 the charity has worked to raise its profile with the intention of ensuring that as many learning providers and learners as possible are aware of the services and benefits available from Gateway Qualifications. It is of note, in particular, that no staff have been furloughed as a result of the pandemic, resulting in full support being available to recognised centres and their learners during the very trying period of awarding in Summer 2020. This has been extremely well received and appreciated by Gateway Qualifications' centres and their staff, with many compliments received.

In addition, other activities, which may previously have been face to face, have continued virtually. Particular activities which have taken place in this respect are:

- Chief Executive Officer meetings with Principals and Vice Principals of FE Colleges to support them through the challenges of the pandemic and to offer help
- Developing and running a substantial number of webinar sessions in support of centres generally, particularly through the challenges of the awarding processes in Summer 2020
- Developing and running a weekly on-boarding seminar for those centres taking up EDSQ qualifications

GATEWAY QUALIFICATIONS LIMITED

REPORT OF THE BOARD OF TRUSTEES YEAR ENDED 31 JULY 2020

Review of Financial Position – (continued)

- Increasing the amount of communication with centres, through newsletters, and also by having a really informative website, developing the information flow as we became aware of requirements from the regulators
- Writing and distributing a range of newsletters and white papers as a general information and guidance source for providers and others
- The expansion of webinars as a time and cost-efficient method of disseminating information
- Engagement with online events, whether they be with regulators, funders or other key stakeholders, in support of maintaining, and in some cases, defending, the funded provision for our centres and learners who benefit from our charitable purpose.

More generally, the charity supports the work of smaller centres which are often working with disadvantaged groups, giving a significant amount of curriculum and quality systems support without charge. These smaller centres are predominantly voluntary and community sector organisations which account for 9% of the charity's recognised centres but contribute only 3.5% of the charity's income.

The charity continues to advance education for the general public through contributing to the development of credit-based qualifications and units, which, provided acceptable quality standards are demonstrated, are offered to all members of the public. Gateway Qualifications Limited continues to demonstrate its objective of widening participation in education by working with groups and communities for which traditional or formal education is not appropriate, for example learners at lower educational levels, learners with few formal qualifications, young learners not in employment, education or training, learners at risk of offending or learners based in offender institutions and adult learners looking for an appropriate route into higher education.

Board of Trustees' responsibilities for the financial statements

The trustees (who are also directors of Gateway Qualifications Limited for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year. Under that law the trustees must prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company 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;

GATEWAY QUALIFICATIONS LIMITED

REPORT OF THE BOARD OF TRUSTEES YEAR ENDED 31 JULY 2020

Board of Trustees' responsibilities for the financial statements – (continued)

- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue to operate.

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

In so far as the trustees are aware:

- there is no relevant audit information (as defined by section 418(3) of the Companies Act 2006) of which the charitable company's auditor is unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The charitable company has taken the exemption available to small companies from presenting a strategic report.

Approval

Miles Cole Chair to the Board at the Board of Trustees meeting dated 3 February 2021

Approved by the Board of Trustees on 3 February 2021 and signed on their behalf by

Miles Cole

M COLE

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GATEWAY QUALIFICATIONS LIMITED

Opinion

We have audited the financial statements of Gateway Qualifications Limited (the charitable company) for the year ended 31 July 2020 which comprise the Statement of Financial Activities (including the Income and Expenditure Account), the Balance Sheet and the Statement of Cash Flows and analysis of changes in net debt 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 (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 July 2020 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the 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 have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GATEWAY QUALIFICATIONS LIMITED

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GATEWAY QUALIFICATIONS LIMITED

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on pages 10 and 11 the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the 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 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: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charity's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Timothy O'Connor
Senior Statutory Auditor

For and on behalf of Scrutton Bland LLP
Chartered Accountants and Statutory Auditor
820 The Crescent
Colchester Business Park
Colchester
CO4 9YQ

23/2/21

GATEWAY QUALIFICATIONS LIMITED

STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND EXPENDITURE ACCOUNT) YEAR ENDED 31 JULY 2020

	Unrestricted funds 2020 Total £	Unrestricted funds 2019 Total £
Donations		
Donations received – intangible income	6,445	6,595
Income from charitable activities		
Annual centre approval fees	229,125	225,125
Learner registration	2,722,124	2,756,076
Conferences and training fees	16,590	5,275
Replacement certificate fees	7,020	9,281
Sundry income	1,407	1,172
Bank interest	19,989	12,848
	2,996,255	3,009,777
Total Income	3,002,700	3,016,372
Expenditure on charitable activities		
Rent and rates	87,411	83,843
Staff costs	1,085,945	1,480,202
Temporary staff costs	107,075	36,776
Moderation fees	172,603	199,584
Moderation travel and expenses	14,887	29,055
Certificates	31,524	28,434
Travel and subsistence	34,077	42,546
Printing, postage and stationery	18,833	16,887
Recruitment	57,432	41,578
Staff related costs	15,743	17,945
Conferences, books and publications	3,564	2,426
Payroll and pension administration charges	1,661	1,553
Bad debts	1,587	(1,321)
Depreciation	29,302	29,681
Insurance	6,521	5,064
Expenditure - carried forward	1,668,165	2,014,253

GATEWAY QUALIFICATIONS LIMITED

STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND EXPENDITURE ACCOUNT) YEAR ENDED 31 JULY 2020

	Unrestricted funds 2020 Total £	Unrestricted funds 2019 Total £
Expenditure - brought forward	1,668,165	2,014,253
Expenditure on charitable activities – (continued)		
Hospitality	228	-
Legal and professional	46,998	16,139
Subscriptions	2,823	6,133
ICT support and maintenance	173,550	151,509
ICT services	8,435	11,267
Office equipment	28,456	31,114
Marketing and publicity	143,157	146,494
Equipment rental	7,194	6,897
Bank charges	643	678
Interest payable	8,392	5,683
Awarding status organisation costs	4,580	2,600
Qualification development costs	90,569	93,303
Consultancy	274,374	208,982
QAA	20,695	14,325
Auditors' remuneration	8,580	8,340
Total expenditure	2,486,839	2,717,717
Net income for the year	515,861	298,655
Balance brought forward at 1 August 2019	2,516,399	2,217,744
Balance carried forward at 31 July 2020	£3,032,260	£ 2,516,399

The statement above includes all gains and losses recognised in each of the above two years.

There was no other comprehensive income in either of the above two years.

All activities relate to continuing operations.

GATEWAY QUALIFICATIONS LIMITED

BALANCE SHEET AS AT 31 JULY 2020

	Notes	2020 £	2019 £
Fixed assets			
Tangible assets	5	<u>82,976</u>	<u>92,409</u>
Current assets			
Debtors	6	228,229	411,177
Cash at bank and in hand		<u>3,527,191</u>	<u>2,956,388</u>
		3,755,420	3,367,565
Creditors: amounts falling due within one year	7	<u>400,203</u>	<u>412,458</u>
Net current assets		<u>3,355,217</u>	<u>2,955,107</u>
Total assets less current liabilities		3,438,193	3,047,516
Provisions	8	<u>405,933</u>	<u>531,117</u>
Net assets		<u>£ 3,032,260</u>	<u>£2,516,399</u>
Funds			
Unrestricted funds		<u>£ 3,032,260</u>	<u>£2,516,399</u>

Approved by the Board of Trustees on 3 February 2021 and signed on its behalf by

Miles Cole

M COLE

Company Number: 05502449
Charity Number: 1114282

GATEWAY QUALIFICATIONS LIMITED**STATEMENT OF CASH FLOWS
YEAR ENDED 31 JULY 2020**

	2020 £	2019 £
Net income	515,861	298,655
Add Depreciation	29,302	29,681
Less Interest received	(19,989)	(12,848)
Add Interest paid	8,392	5,683
Decrease in debtors	182,948	34,811
(Decrease)/increase in creditors	(12,255)	46,223
(Decrease)/increase in provisions	(125,184)	273,950
Cash generated from operating activities	579,075	676,155
Cash flows from investing activities		
Interest received	19,989	12,848
Purchase of tangible fixed assets	(19,869)	(18,880)
Cash generated from/(used in) investing activities	120	(6,032)
Cash flows from financing activities		
Interest paid	(8,392)	(5,683)
Cash used in financing activities	(8,392)	(5,683)
Increase in cash and cash equivalents during the year	570,803	664,440
Cash and cash equivalents at the beginning of the year	2,956,388	2,291,948
Cash and cash equivalents at the end of the year	£ 3,527,191	£ 2,956,388
Analysis of changes in net debt		
Cash at bank and in hand:		
At 1 August	2,956,388	2,291,948
Cashflows	570,803	664,440
At 31 July	£3,527,191	£2,956,388

GATEWAY QUALIFICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 JULY 2020

1 GENERAL INFORMATION

Gateway Qualifications Limited is a charitable company limited by guarantee, incorporated in England and Wales, registered company number 05502449 and registered charity number 1114282. The address of the registered office is Gateway House, 3 Tollgate Business Park, Tollgate West, Colchester, CO3 8AB.

2 ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention. The financial statements have been prepared in accordance with 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) and the Companies Act 2006.

The charity constitutes a public benefit entity as defined by FRS 102.

The following principal accounting policies have been applied:

Going concern

Having considered the charitable company's forecasts and projections the Trustees are satisfied that the charitable company has adequate resources to continue in operational existence for the foreseeable future, and for a period of at least 12 months from the date of approving these financial statements. The Trustees also consider that there are no material uncertainties about the charitable company's ability to continue as a going concern.

Income and expenditure

Income and expenditure are accounted for on an accruals basis.

Income and expenditure are allocated in the Statement of Financial Activities on a basis which is considered to best reflect the day to day operations of the charitable company.

Intangible income

Intangible income, which comprises donated services, is included in income at a valuation which is an estimate of the financial cost borne by the donor where such a cost is quantifiable and measurable.

Leasing

Rentals paid under operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to expenses on a straight line basis over the period of the lease.

GATEWAY QUALIFICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 JULY 2020

2 ACCOUNTING POLICIES – (continued)

Taxation

The company is a charity within the meaning of Part 11, Corporation Tax Act 2010. Accordingly it is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3, Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that such income or gains are applied to exclusively charitable purposes.

Tangible fixed assets

Gateway Qualifications Limited has adopted a policy of capitalisation of fixed assets costing over £1,000. Tangible Fixed Assets are recorded in the financial statements at cost.

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life:

Fixtures and fittings	-	4 years straight line
Equipment	-	3 years straight line
Leasehold improvements	-	10 years straight line

Pensions

The charitable company participates in Universities Superannuation Scheme. The scheme is a hybrid pension scheme, providing defined benefits (for all members), as well as defined contribution benefits. The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the assets are not attributed to individual institutions and a scheme-wide contribution rate is set. The charitable company is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its shares of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. As required by Section 28 of FRS 102 "Employee benefits", the charitable company therefore accounts for the scheme as if it were a wholly defined contribution scheme. As a result, the amount charged to the profit and loss account represents the contributions payable to the scheme. Since the charitable company has entered into an agreement (the Recovery Plan) that determines how much employers within the scheme will fund the overall deficit, the charitable company recognises a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and therefore an expense is recognised.

GATEWAY QUALIFICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 JULY 2020

2 ACCOUNTING POLICIES – (continued)

Cash and cash equivalents

Cash equivalents are recognised as such and included with other cash balances where they represent short term, highly liquid investments that are readily convertible to known amounts of cash without being subject to a significant change in value.

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets or financial liabilities:

- short term debtors (financial assets) are measured at the transaction price
- short term creditors (financial liabilities) are measured at the transaction price.

Significant judgements and estimates

FRS 102 makes the distinction between a group pension plan and a multi-employer pension scheme. A group plan consists of a collection of entities under common control typically with a sponsoring employer. A multi-employer scheme is a scheme for entities not under common control and represents (typically) an industry-wide scheme such as Universities Superannuation Scheme. The accounting for a multi-employer scheme where the employer has entered into an agreement with the scheme that determines how the employer will fund a deficit results in the recognition of a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and the resulting expense in profit or loss in accordance with section 28 of FRS 102. The directors are satisfied that Universities Superannuation Scheme meets the definition of a multi-employer scheme and have therefore recognised the discounted fair value of the contractual contributions under the funding plan in existence at the date of approving the financial statements.

There are estimates made over the discount rate, staff changes and wage inflation in relation to the USS pension provision that will be subject to some uncertainty.

3 NET EXPENDITURE FOR THE YEAR

The net expenditure is stated after charging:

	2020 £	2019 £
Depreciation of tangible fixed assets	29,302	29,681
Auditors' remuneration in respect of audit services	8,580	8,340
Operating lease payments	78,705	70,687

GATEWAY QUALIFICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 JULY 2020

4 STAFF COSTS

	2020 £	2019 £
Wages and salaries	963,451	980,186
Social security costs	105,288	99,511
Pension costs	17,206	400,505
	<u>£1,085,945</u>	<u>£ 1,480,202</u>

The monthly number of employees, calculated on a full time basis, during the year was made up as follows :

Management, administration and service provision	<u>26</u>	<u>25</u>
	=	

The monthly number of employees, calculated on an actual basis, during the year was made up as follows :

Management, administration and service provision	<u>28</u>	<u>29</u>
	=	

Higher paid employees

£60,000 to £69,999	-	-
£70,000 to £79,999	-	1
£80,000 to £89,999	1	1
£100,000 to £109,999	1	1
£110,000 to £119,999	1	-
	<u>3</u>	<u>3</u>

Senior management team remuneration totalled £300,882 (2019 : £273,137).

No members of the Board of Trustees received remuneration for their role as trustees. A total of £930 was reimbursed to 3 trustees during the year (2019 : £1,407) in relation to travel costs.

Indemnity insurance is maintained covering members of the Board in their capacity as trustees and directors.

GATEWAY QUALIFICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 JULY 2020

5 TANGIBLE FIXED ASSETS

	Leasehold Improvements £	Fixtures and fittings £	Equipment £	Total £
Cost				
At 1 August 2019	148,490	36,023	145,090	329,603
Additions	1,620	-	18,249	19,869
Disposals	-	-	(50,857)	(50,857)
At 31 July 2020	<u>150,110</u>	<u>36,023</u>	<u>112,482</u>	<u>298,615</u>
Depreciation				
At 1 August 2019	74,245	29,047	133,902	237,194
Charge for year	14,974	2,409	11,919	29,302
Disposals	-	-	(50,857)	(50,857)
At 31 July 2020	<u>89,219</u>	<u>31,456</u>	<u>94,964</u>	<u>215,639</u>
Net book value				
At 31 July 2020	<u>£60,891</u>	<u>£4,567</u>	<u>£17,518</u>	<u>£82,976</u>
At 31 July 2019	<u>£ 74,245</u>	<u>£ 6,976</u>	<u>£ 11,188</u>	<u>£ 92,409</u>

6 DEBTORS

	2020 £	2019 £
Prepayments and other debtors	48,670	30,339
Fees receivable	179,559	380,838
	<u>£228,229</u>	<u>£ 411,177</u>

GATEWAY QUALIFICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 JULY 2020

7 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020 £	2019 £
Trade creditors	87,245	67,910
Accruals	59,555	98,310
Deferred income	227,250	221,250
Taxation and social security	26,153	24,988
	<u>£400,203</u>	<u>£ 412,458</u>

All deferred income relates to amounts deferred in the current year.

8 PROVISIONS

	2020 £	2019 £
USS pension scheme funding plan		
Balance brought forward	531,117	257,167
Movement in year	(125,184)	273,950
	<u>£405,933</u>	<u>£ 531,117</u>

The USS pension scheme is in deficit and a funding plan has been agreed which covers the period to 31 March 2028. Provision has been made for the liability expected to be incurred in respect of this funding plan. The provision due after more than one year as at 31 July 2020 is £390,391.

9 RELATED PARTY TRANSACTIONS

Due to the nature of the charitable company's operations and the composition of the Board members (being drawn from member organisations) it is possible that transactions will take place with Colleges in which members of the Board may have interests, by reason only of being employed by such Colleges.

GATEWAY QUALIFICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 JULY 2020

10 COMMITMENTS

Lease commitments – operating leases

At 31 July 2020 the charitable company had future minimum lease payments under non-cancellable operating leases as follows:

	2020 £	2019 £
Not later than 1 year	71,899	23,409
Later than 1 year and not later than 5 years	226,402	15,829
	<u>£298,301</u>	<u>£ 39,238</u>

Pension commitments

The charity had a principal pension scheme for employees in the year. This was the University Superannuation Scheme (USS).

USS is a defined benefit scheme, which is externally funded and valued every three years using the projected unit method.

The scheme was contracted out of the State Earnings-Related Pension Scheme.

Universities Superannuation Scheme

The total cost charged to the income and expenditure account is £17,206 (2019 : £400,505) as included in note 4. This is made up of pension contributions of £150,781 (2019 : £132,166) and FRS 102 pension provision adjustments of £(133,575) (2019 : £268,339). There was neither a prepayment nor an accrual at the end of the financial year in respect of these contributions. The disclosures below represent the position from the scheme's financial statements.

The latest available complete actuarial valuation of the Retirement Income Builder is at 31 March 2018 (the valuation date), which was carried out using the projected unit method. A valuation as at 31 March 2020 is underway but not yet complete.

Since the charitable company cannot identify its share of USS Retirement Income Builder assets and liabilities, the following disclosures reflect those relevant for those assets and liabilities as a whole.

GATEWAY QUALIFICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 JULY 2020

10 COMMITMENTS – continued

Universities Superannuation Scheme – (continued)

The 2018 valuation was the fifth valuation for USS under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the Scheme was £63.7 billion and the value of the Scheme's technical provisions was £67.3 billion indicating a shortfall of £3.6 billion and a funding ratio of 95%.

The key financial assumptions used in the 2018 valuation are described below. More detail is set out in the Statement of Funding Principles.

Pension increases (CPI)	Term dependent rates in line with the difference between the Fixed Interest and Index Linked yield curves, less 1.3% p.a.
Discount rate (forward rates)	Years 1-10: CPI + 0.14% reducing linearly to CPI – 0.73% Years 11-20: CPI + 2.52% reducing linearly to CPI + 1.55% by year 21 Years 21+: CPI + 1.55%

The main demographic assumption used relates to the mortality assumptions. These assumptions are based on analysis of the Scheme's experience carried out as part of the 2018 actuarial valuation. The mortality assumptions used in these figures are as follows:

	2020	2019
Mortality base table	<u>Pre-retirement:</u> 71% of AMC00 (duration 0) for males and 112% of AFC00 (duration 0) for females. <u>Post retirement:</u> 97.6% of SAPS S1NMA "light" for males and 102.7% of RFV00 for females.	71% of AMC00 (duration 0) for males and 112% of AFC00 (duration 0) for females. 96.5% of SAPS S1NMA "light" for males and 101.3% of RFV00 for females.
Future improvement to mortality	CMI_2017 with a smoothing parameter of 8.5 and a long term improvement rate of 1.8% p.a. for males and .1.6% p.a. for females.	CMI_2016 with a smoothing parameter of 8.5 and a long term improvement rate of 1.8% p.a. for males and 1.6% p.a. for females.

GATEWAY QUALIFICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 JULY 2020

10 COMMITMENTS – continued

Universities Superannuation Scheme – (continued)

The current life expectancies on retirement at age 65 are

	2020	2019
Males currently aged 65 (years)	24.4	24.6
Females currently aged 65 (years)	25.9	26.1
Males currently aged 45 (years)	26.3	16.6
Females currently aged 45 (years)	27.7	27.9

A new deficit recovery plan was put in place as part of the 2018 valuation, which requires payment of 2% of salaries over the period 1 October 2019 to 30 September 2021 at which point the rate will raise to 6%. The 2020 deficit recovery liability reflects this plan.

11 FINANCIAL INSTRUMENTS

	31 July 2020 £	31 July 2019 £
Financial assets at amortised cost	<u>£179,710</u>	<u>£ 380,989</u>
Financial liabilities at amortised cost	<u>£138,800</u>	<u>£ 158,220</u>

Financial assets measured at amortised cost comprise fees receivable and other debtors.

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