

**REGISTERED COMPANY NUMBER 05502449**

**REGISTERED CHARITY NUMBER 1114282**

**GATEWAY QUALIFICATIONS LIMITED**  
**(A company limited by guarantee)**

**ANNUAL REPORT AND**  
**FINANCIAL STATEMENTS**

**31 JULY 2021**

GATEWAY QUALIFICATIONS LIMITED

CONTENTS

	<b>Pages</b>
Legal and administrative information	1 - 2
Report of the Board of Trustees	3 - 11
Report of the auditors	12 - 15
Statement of financial activities (including income and expenditure account)	16 - 17
Balance Sheet	18
Statement of cash flows and analysis of changes in net debt	19
Notes to the financial statements	20 - 28

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# **GATEWAY QUALIFICATIONS LIMITED**

## **LEGAL AND ADMINISTRATIVE INFORMATION**

### **Trustees**

#### **Chair**

Miles Cole  
University of Suffolk

#### **Vice Chair**

David Ruddy  
West Suffolk College

#### **Other Trustees**

Anne Thompson  
Independent

Lynsi Hayward-Smith  
Independent

Alison Andreas  
Colchester Institute

Alison Davies  
Chelmsford College

Federico Carlos Cubillo-Barsi (Resigned 19 November 2021)  
EYC Global

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

Margaret Joojo-Richards (Appointed 14 July 2021)  
London Borough of Hounslow Adult and Community Education

# **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 2021

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 2021. 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:

<b>Chair</b>	Miles Cole University of Suffolk
<b>Vice Chair</b>	David Ruddy West Suffolk College
<b>Other Trustees</b>	Anne Thompson Independent
	Lynsi Hayward-Smith Independent
	Alison Andreas Colchester Institute
	Alison Davies Chelmsford College
	Federico Carlos Cubillo-Barsi (resigned 19 November 2021) EYC Global
	Jill Holliday University of Essex
	Anthea Hockly Essex Partnership NHS Foundation Trust
	Paul Whitehead Harlow College
	Gail May (from 14 October 2020) University of East London
	Margaret Joojo-Richards (from 14 July 2021)

# **GATEWAY QUALIFICATIONS LIMITED**

## **REPORT OF THE BOARD OF TRUSTEES YEAR ENDED 31 JULY 2021**

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.

Performance of the Trustees is conducted via a process of individual self-evaluation linked to an annual skills audit conducted by the Chair of the Board, and an established Governance Working Party reviews and updates continuing professional development on an on-going basis. The regulatory requirement for on-going self-evaluation further informs the process.

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 2021**

### **Regulators**

During the year ended July 2021 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.

### **Membership**

In January 2019, based on legal advice, the Board of Trustees approved that the company assume a “foundation structure”. The “foundation structure” was adopted by special resolution by the Members in September 2019. 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 2021, the reserve requirements have been fully achieved. The operational reserve, being seven months of budgeted cost is £1,753,928, the opportunistic reserve is £500,000 and the long term reserve has reached £1,127,149 exceeding the target of £1,000,000. The reserves figure of £3,381,077 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.

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.

# **GATEWAY QUALIFICATIONS LIMITED**

## **REPORT OF THE BOARD OF TRUSTEES YEAR ENDED 31 JULY 2021**

### **Risk Management – (continued)**

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.

### **Objectives and Activities**

#### **Charitable Objects and Public Benefit**

On 3 November 2019, following Charity Commission consent, an email was sent requesting Members to vote on a special resolution to approve and adopt as the Articles of Association the amended Charitable Objects in substitution for and to the exclusion of all existing Articles of Association of the Charity., During the year ending July 2021, from 18 November 2020 the Charity operated under the revised 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, particularly for those learners who have previously been excluded from educational opportunities;



# **GATEWAY QUALIFICATIONS LIMITED**

## **REPORT OF THE BOARD OF TRUSTEES YEAR ENDED 31 JULY 2021**

### **Charitable Objects and Public Benefit – (continued)**

by improving the educational welfare and access to learning opportunities and facilitating progression to further learning, employment and higher education particularly through regulated qualifications;

by complying with the various regulators or the appropriate agency acting on behalf of the Department for Education or relevant government departments or bodies;

improving access to higher education operating as an Access Validating Agency under licence from The Quality Assurance Agency for Higher Education according to the principles of the diploma specification; 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.

*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 2021-2022 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 2021-22 Operating Plan.

# **GATEWAY QUALIFICATIONS LIMITED**

## **REPORT OF THE BOARD OF TRUSTEES YEAR ENDED 31 JULY 2021**

### **Achievement and Performance**

Significant external challenges continue as the government implements its reform programme for post 16 technical education and training, 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 of £3,045,012 to 31 July 2021.

### **Achievements 2020-21**

- Achieved sales in excess of £3.0m, with a surplus of £349k
- First to market and market leaders for Essential Digital Skills qualifications (EDSQs)
- Developed and ran a support programme of webinars and guidance for centres adapting to the pandemic with 2000 attendees in total via 12 webinars
- Overall during the year 103 webinars were run with 10,000 registrations and 5,000 attendees
- Achieved 25% increase in customer base during the year
- Centre Assessment Standards Scrutiny compliance achieved
- 18 qualifications included in the National Skills Fund Level 3 adult offer
- 91 new vocational skills qualifications developed regulated and approved for public funding
- 22 SWAP packages developed with comprehensive support materials to support centres and learners impacted by the pandemic and looking for employment opportunities
- 6 new Access to HE Diplomas developed, including 5 off the shelf Gateway Qualifications Diplomas
- 16 Level 3 digital qualifications developed, regulated and approved for public funding
- Developed substantial support materials to complement Gateway Qualifications' validated Access to HE Diplomas
- Developed comprehensive support materials for EDSQs
- Successfully implemented alternative awarding process – supporting both QAA and Ofqual regulated learners and all recognised centres
- Built digital sector expertise with Code Institute partnership by developing support packages for the Level 3 Diploma in Software Development
- Supported learners by sponsoring Learning Revolution Trust

# **GATEWAY QUALIFICATIONS LIMITED**

## **REPORT OF THE BOARD OF TRUSTEES YEAR ENDED 31 JULY 2021**

### **Review of Financial Position**

The company achieved income of £3,045k which is a 1.4% increase compared with the previous year. A considerable achievement during ongoing national and local lockdowns due to COVID-19 and the associated disruption to education.

Expenditure for the year was £2,696k, which was £209k more than 2019-20. The primary reason for the increase in costs related to a £50k increase in the provision in respect of the Company's pension. In the previous year the pension provision decreased by £125k making a year on year difference of £175k. Underlying costs were £34k higher than the previous year.

The overall outturn is a £349k surplus, which is £167k lower than the previous year but this can be attributed to the increase in the company's pension provision.

Reserves at year end are £3.4m and equate to one hundred and four percent of the total reserve policy having been achieved.

As in the previous year, throughout 2020-21 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 during the year no staff have been furloughed as a result of the ongoing pandemic, resulting in full support being available to recognised centres and their learners during the very trying year. 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 2021
- Developing and running regular on-boarding seminars for those centres taking up EDSQ qualifications
- 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

# **GATEWAY QUALIFICATIONS LIMITED**

## **REPORT OF THE BOARD OF TRUSTEES YEAR ENDED 31 JULY 2021**

### **Review of Financial Position – (continued)**

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 7% of the charity's recognised centres but contribute only 2.2% of the charity's income.

The charity continues to advance education for the general public through the development and provision of regulated 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;
- 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

## **GATEWAY QUALIFICATIONS LIMITED**

### **REPORT OF THE BOARD OF TRUSTEES YEAR ENDED 31 JULY 2021**

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

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**

David Ruddy Chair to the Board at the Board of Trustees meeting dated 2 February 2022

Approved by the Board of Trustees on 2 February 2022 and signed on their behalf by



**D Ruddy**

# **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 2021 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 2021 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**

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.

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 entity'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.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

## **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.

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

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the Director of Finance (as required by auditing standards) and senior management, inspection of the Charity's regulatory and legal correspondence and discussed with the Director of Finance the policies and procedures regarding compliance with laws and regulations. We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Charity is subject to laws and regulations that directly affect the financial statements including financial reporting legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.



# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GATEWAY QUALIFICATIONS LIMITED

## Auditor's responsibilities for the audit of the financial statements(continued)

Secondly, the Charity is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: compliance with the requirements of OFQUAL, The Charity Commission, Qualification Wales, QAA, health and safety, corporate governance including safeguarding and wellbeing, human rights and employment law, anti-bribery and corruption and UK GDPR. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Governors and other management and inspection of regulatory and legal correspondence, if any.

Audit procedures undertaken in response to the potential risks relating to irregularities (which include fraud and non-compliance with laws and regulations) comprised of: enquiries of management and those charged with governance as to whether the Charity complies with such regulations, enquiries of management and those charged with governance concerning any actual or potential litigation or claims, inspection of any relevant legal documentation, review of board minutes, testing the appropriateness of journal entries and the performance of analytical review to identify any unexpected movements in account balances which may be indicative of fraud.

No instances of material non-compliance were identified.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Irregularities that result from fraud might be inherently more difficult to detect than irregularities that result from error. As explained above, there is an unavoidable risk that material misstatements may not be detected, even though the audit has been planned and performed in accordance with ISAs (UK).

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.

*Scrutton Bland LLP*

**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

# GATEWAY QUALIFICATIONS LIMITED

## STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND EXPENDITURE ACCOUNT) YEAR ENDED 31 JULY 2021

	Unrestricted funds 2021 Total £	Unrestricted funds 2020 Total £
<b>Donations</b>		
Donations received – intangible income	<u>1,530</u>	<u>6,445</u>
<b>Income from charitable activities</b>		
Annual centre approval fees	271,500	229,125
Learner registration	2,740,746	2,722,124
Conferences and training fees	13,525	16,590
Replacement certificate fees	10,875	7,020
Sundry income	3,262	1,407
Bank interest	3,574	19,989
	<u>3,043,482</u>	<u>2,996,255</u>
<b>Total Income</b>	<u>3,045,012</u>	<u>3,002,700</u>
<b>Expenditure on charitable activities</b>		
Rent and rates	91,861	87,411
Staff costs	1,647,901	1,085,945
Temporary staff costs	8,884	107,075
Moderation fees	260,127	172,603
Moderation travel and expenses	460	14,887
Certificates	22,649	31,524
Travel and subsistence	442	34,077
Printing, postage and stationery	2,884	18,833
Recruitment	10,364	57,432
Staff related costs	15,906	15,743
Conferences, books and publications	5,250	3,564
Payroll and pension administration charges	1,808	1,661
Bad debts	(3,298)	1,587
Depreciation	30,671	29,302
Insurance	7,169	6,521
<b>Expenditure - carried forward</b>	<u>2,103,078</u>	<u>1,668,165</u>

# GATEWAY QUALIFICATIONS LIMITED

## STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND EXPENDITURE ACCOUNT) YEAR ENDED 31 JULY 2021

	Unrestricted funds 2021 Total £	Unrestricted funds 2020 Total £
<b>Expenditure - brought forward</b>	<b>2,103,078</b>	1,668,165
<b>Expenditure on charitable activities – (continued)</b>		
Hospitality	-	228
Legal and professional	26,716	46,998
Subscriptions	4,231	2,823
ICT support and maintenance	181,394	173,550
ICT services	6,046	8,435
Office equipment	28,672	28,456
Marketing and publicity	136,715	143,157
Equipment rental	5,138	7,194
Bank charges	699	643
Interest payable	2,963	8,392
Awarding status organisation costs	2,672	4,580
Qualification development costs	29,665	90,569
Consultancy	137,362	274,374
QAA	19,044	20,695
Auditors' remuneration	9,120	8,580
Donation	2,680	-
<b>Total expenditure</b>	<b>2,696,195</b>	2,486,839
<b>Net income for the year</b>	<b>348,817</b>	515,861
<b>Balance brought forward at 1 August 2020</b>	<b>3,032,260</b>	2,516,399
<b>Balance carried forward at 31 July 2021</b>	<b>3,381,077</b>	£3,032,260

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

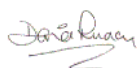
There was no other comprehensive income in either of the above two years.

All activities relate to continuing operations.

**GATEWAY QUALIFICATIONS LIMITED****BALANCE SHEET  
AS AT 31 JULY 2021**

	Notes	2021 £	2020 £
<b>Fixed assets</b>			
Tangible assets	5	<u>68,703</u>	<u>82,976</u>
<b>Current assets</b>			
Debtors	6	444,876	228,229
Cash at bank and in hand		<u>3,802,140</u>	<u>3,527,191</u>
		<b>4,247,016</b>	3,755,420
<b>Creditors: amounts falling due within one year</b>	7	<u>478,856</u>	<u>400,203</u>
<b>Net current assets</b>		<u>3,768,160</u>	<u>3,355,217</u>
<b>Total assets less current liabilities</b>		<b>3,836,863</b>	3,438,193
<b>Provisions</b>	8	<u>455,786</u>	<u>405,933</u>
<b>Net assets</b>		<u><b>£3,381,077</b></u>	<u><b>£3,032,260</b></u>
<b>Funds</b>			
Unrestricted funds		<u><b>£3,381,077</b></u>	<u><b>£3,032,260</b></u>

Approved by the Board of Trustees on 2 February 2022 and signed on its behalf by



**D Ruddy**

Company Number: 05502449  
Charity Number: 1114282

# GATEWAY QUALIFICATIONS LIMITED

## STATEMENT OF CASH FLOWS YEAR ENDED 31 JULY 2021

	2021 £	2020 £
<b>Net income</b>	<b>348,817</b>	515,861
Add Depreciation	<b>30,671</b>	29,302
Less Interest received	<b>(3,574)</b>	(19,989)
(Increase)/decrease in debtors	<b>(216,647)</b>	182,948
Increase/(decrease) in creditors	<b>78,653</b>	(12,255)
Increase/(decrease) in provisions	<b>49,853</b>	(125,184)
<b>Cash generated from operating activities</b>	<b>287,773</b>	570,683
<b>Cash flows from investing activities</b>		
Interest received	<b>3,574</b>	19,989
Purchase of tangible fixed assets	<b>(16,398)</b>	(19,869)
<b>Cash (expended)/generated from investing activities</b>	<b>(12,824)</b>	120
<b>Increase in cash and cash equivalents during the year</b>	<b>274,949</b>	570,803
<b>Cash and cash equivalents at the beginning of the year</b>	<b>3,527,191</b>	2,956,388
<b>Cash and cash equivalents at the end of the year</b>	<b>£ 3,802,140</b>	£ 3,527,191
<b>Analysis of changes in net debt</b>		
Cash at bank and in hand:		
At 1 August	<b>3,527,191</b>	2,956,388
Cashflows	<b>274,949</b>	570,803
At 31 July	<b>£3,802,140</b>	£3,527,191



# **GATEWAY QUALIFICATIONS LIMITED**

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

### **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 2021

### 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 2021

### 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:

	2021 £	2020 £
Depreciation of tangible fixed assets	30,671	29,302
Auditors' remuneration in respect of audit services	9,120	8,580
Operating lease payments	86,711	78,705



# GATEWAY QUALIFICATIONS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 JULY 2021

### 4 STAFF COSTS

	2021 £	2020 £
Wages and salaries	1,309,183	963,451
Social security costs	133,991	105,288
Pension costs	204,727	17,206
	<u>£1,647,901</u>	<u>£1,085,945</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>33</u>	<u>26</u>
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The monthly number of employees, calculated on an actual basis, during the year was made up as follows :

Management, administration and service provision	<u>35</u>	<u>28</u>
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#### Higher paid employees

£60,000 to £69,999	-	-
£70,000 to £79,999	1	-
£80,000 to £89,999	2	1
£100,000 to £109,999	-	1
£110,000 to £119,999	1	1
	<u>4</u>	<u>3</u>

Senior management team remuneration totalled £355,747 (2020 : £300,882).

No members of the Board of Trustees received remuneration for their role as trustees. A total of £59 was reimbursed to 1 trustee during the year (2020 : £930) 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 2021

### 5 TANGIBLE FIXED ASSETS

	Leasehold Improvements £	Fixtures and fittings £	Equipment £	Total £
<b>Cost</b>				
At 1 August 2020	150,110	36,023	112,482	298,615
Additions	-	-	16,398	16,398
At 31 July 2021	150,110	36,023	128,880	315,013
<b>Depreciation</b>				
At 1 August 2020	89,219	31,456	94,964	215,639
Charge for year	15,223	2,284	13,164	30,671
At 31 July 2021	104,442	33,740	108,128	246,310
<b>Net book value</b>				
At 31 July 2021	£45,668	£2,283	£20,752	£68,703
At 31 July 2020	£60,891	£4,567	£17,518	£82,976

### 6 DEBTORS

	2021 £	2020 £
Prepayments and other debtors	98,179	48,670
Fees receivable	346,697	179,559
	£444,876	£228,229

# GATEWAY QUALIFICATIONS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 JULY 2021

### 7 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021 £	2020 £
Trade creditors	66,131	87,245
Accruals	76,448	59,555
Deferred income	282,750	227,250
Taxation and social security	31,692	26,153
License fee	21,835	-
	<u>£478,856</u>	<u>£400,203</u>

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

### 8 PROVISIONS

	2021 £	2020 £
<b>USS pension scheme funding plan</b>		
Balance brought forward	405,933	531,117
Movement in year	49,853	(125,184)
	<u>£455,786</u>	<u>£405,933</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 2021 is £399,406.

### 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 2021

### 10 COMMITMENTS

#### Lease commitments – operating leases

At 31 July 2021 the charitable company had future minimum lease payments under non-cancellable operating leases as follows:

	2021 £	2020 £
Not later than 1 year	71,899	71,899
Later than 1 year and not later than 5 years	154,306	226,402
	<u>£226,205</u>	<u>£298,301</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 £204,727 (2020 : £17,206) as included in note 4. This is made up of pension contributions of £154,874 (2020 : £150,781) and FRS 102 pension provision adjustments of £49,853 (2020 : £(133,575)). 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 2021

### 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:

	2021	2020
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.  97.6% of SAPS S1NMA "light" for males and 102.7% 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_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.

# GATEWAY QUALIFICATIONS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 JULY 2021

### 10 COMMITMENTS – continued

#### Universities Superannuation Scheme – (continued)

The current life expectancies on retirement at age 65 are

	2021	2020
Males currently aged 65 (years)	24.6	24.4
Females currently aged 65 (years)	26.1	25.9
Males currently aged 45 (years)	26.6	26.3
Females currently aged 45 (years)	27.9	27.7

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

The actuarial valuation as at 31 March 2020 has been completed post year end and a recovery plan has been prepared by the Trustee of the Universities Superannuation Scheme. The Trustee has set out steps to be taken to correct the shortfall in the Scheme's assets and these are subject to consultation. A decision is required by 28 February 2022 in order to allow at least a full calendar month for implementation of the "Benefit Change Deed" by 1 April 2022. Based upon current estimates, the impact of this recovery plan is expected to increase the charitable company's required deficit provision by between £788,000 and £1,591,000 depending upon whether the Deed is entered into or not. In addition, employer contribution rates have risen from 21.1% to 21.4% from 1 October 2021.

### 11 FINANCIAL INSTRUMENTS

	31 July 2021 £	31 July 2020 £
Financial assets at amortised cost	<u>346,847</u>	<u>£179,710</u>
Financial liabilities at amortised cost	<u>134,579</u>	<u>£138,800</u>

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

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