

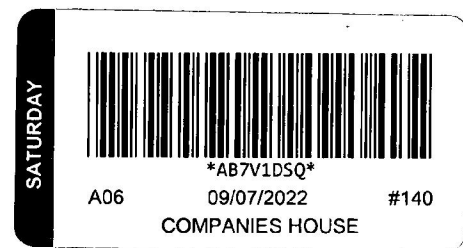
School of Hard Knocks

Annual Report and Financial Statements

31 March 2022

Company Limited by Guarantee
Registration Number
07743730 (England and Wales)

Charity Registration Numbers
1147009 (England and Wales)
SC046118 (Scotland)



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Reference and administrative information

Trustees	Mr David Thomas (resigned 6 December 2021) Mr Jonathan Teckman Ms Deborah Griffin Mr Olly Spry (resigned 7 June 2021) Mr James Cameron Ms Victoria Griffin Mr Mike Francis Ms Pauline Broomhead Ms Yasmine Hafiz (appointed 6 December 2021) Mr Robert McKillop (appointed 6 December 2021)
Chief Executive	Mr Ken Cowen
Registered office	The Graystone Centre 28 Charles Square, Old Street London N1 6HT
Company Registration Number	07743730
Charity Registration Numbers	1147009 (England and Wales) SC046118 (Scotland)
Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL
Solicitors	Memery Crystal 11 Southampton Buildings London WC2A 1AP Milbank, Tweed, Hadley & McCloy LLP 10 Gresham Street London EC2V 7JD
Bankers	CAF Bank Ltd 25 Kings Hill Avenue Kings Hill West Malling ME19 4JQ

Trustees' report 31 March 2022

The trustees, who are the directors for the purposes of company law, present their statutory report together with the financial statements of School of Hard Knocks for the year to 31 March 2022.

The report has been prepared in accordance with Part 8 of the Charities Act 2011 and constitutes a directors' report for the purposes of the Companies Act 2006.

The financial statements have been prepared in accordance with the accounting policies set out on pages 22 to 26 of the attached financial statements and comply with the charitable company's memorandum of association, the Charities Act 2011, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102).

Our Aims and objectives

Purposes and Aims

The principal objects of the charity are set out in the charity's Memorandum of Association:

To assist persons who may have need of support by virtue of poor health, disability, financial hardship or other disadvantage, in particular but not exclusively by the provision of facilities and programmes of physical, educational and other activities as a means of:

- a) advancing in life and by developing skills, capacities and capabilities to enable persons to participate in society as independent, mature and responsible individuals;
- b) advancing education;
- c) relieving unemployment;
- d) advancing physical, mental and emotional health and wellbeing.

Ensuring our work delivers our aims

We review our aims, objectives and activities each year. This review looks at what we achieved and the outcomes of our work in the previous 12 months. We have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing our aim and objectives and in planning our future activities.

Trustees' report 31 March 2022

Achievements and performance

To achieve these aims, we deliver two streams of work: 1) Courses for unemployed adults in which we address wellbeing as well as employability and 2) A three-year school programme for pupils at risk of exclusion, and/or who are struggling with their mental health and /or are vulnerable.

Delivery during this financial year has increased across all regions-particularly in our schools' programmes and has allowed the charity to increase our number of staff, develop established teams, provide stable income, and rely on consistent delivery after Coronavirus closures and restrictions have greatly affected our in-person delivery during the last two years.

England

Our England Adult programme secured its first ever multi-year grant funding at the start of 2020 with the Quilter Foundation, to deliver six courses over three years that have enabled a stable presence in London. After having to postpone and deliver courses virtually during the last financial year due to the Coronavirus pandemic, we were happy to resume face-to-face delivery this financial year and deliver our first in-person course funded by Quilter. We are set to deliver our final Quilter funded course in May 2022.

After having delivered multiple online courses in the previous financial year, our adult programme was awarded another contract by DWP West London to deliver an in-person course in Richmond where we were able to work with 22 beneficiaries.

Within our England Schools programme, we have seen great stability across the programme post schools' closures and restrictions in the last financial year. We have consistently worked with nearly 500 pupils every week this academic year, with 9 schools across Hertfordshire and 3 across London.

We have been able to grow and promote our staff as well by appointing a London Schools Manager to manage the doubling of pupils we experienced this academic year, and promote a National Schools Manager to ensure that delivery across all regions is consistent. Our mission and values remain at the forefront of our delivery.

We also delivered one summer camp in Hertfordshire, funded by Herts Sports Partnership, and is something we are looking to do more of next year.

Scotland

Our Scotland Adult programme (OSCR registration number SC046118) delivered an adults employability course in Alloa, funded by Coalfields Regeneration Trust, of which 42% of participants reached a positive destination (work, education, training, or volunteering) since starting the course, 83% noted an improvement in their general wellbeing with a 100% increase in the amount they exercise by the end of the course. 100% of participants felt their employment prospects improved since engaging with the course and 100% noted that they have been more interested in other people since taking part in the course.

Achievements and performance (continued)

Scotland (continued)

The DWP commissioned us to work in partnership with Streetwork to deliver our work to homeless people who had been housed at an Edinburgh hotel. Throughout the project we engaged with 29 Streetwork service users accounting for 66% of all those staying at the hotel. Since engaging, 5 of those participants have secured permanent housing, 4 have done accredited courses and 3 have found work.

We have also secured £183k from the National Lottery, our largest multi-year grant in Scotland to date, to deliver 6 courses over 2 years in Glasgow, working with unemployed adults with focus on the Roma community and refugee/asylum seekers, breaking down barriers between them and the local 'settled' population. This is set to start in the next financial year, along with an adult course funded by Fife Voluntary Action in April 2022.

Our Scotland Schools programme was successful in reaching our goal set in the 2021 accounts to double our number of schools, delivering to 16 cohorts across 8 schools (4 in Glasgow, 3 in Fife, and 1 in Bathgate). We also delivered a 7-week long summer camp followed by a year long after-school club for 20 vulnerable pupils transitioning to secondary school called 'Lift Off', funded by KPE4 Trust and we have secured further funding to continue the summer camp and after-school club in 2022.

Due to the growth of the schools programme, we have been able to establish an entirely new team along with a programme manager to bring stability within our staff.

Wales

Our Wales Adult programme has continued to deliver our grant funded Comic Relief courses alongside our research partners, Cardiff Metropolitan University and has established our psychotherapy support as an integral aspect of delivery and is something we hope to establish further across the charity.

We were also commissioned to run a shortened version of our adult course in HMP Prescoed open prison as well as deliver some of our adult content to Princes Trust groups in Cardiff.

Within our Wales School programme, we have been able to maintain a high rate of delivery as we have increased to 10 schools consisting of 3 cohorts in each school and have been able to establish two full delivery teams of four staff each, as well as a new Schools Manager. We also delivered 6 summer camps to 350 young people funded by the WRU and have continued to establish great corporate partnerships such as Admiral Group and SEWSCAP to support our work in schools-particularly our behavioural support which has proven to be a crucial aspect of our delivery due to increased demand on the already limited mental health services for young people.

Achievements and performance (continued)

Fundraising

The charity experienced a 40% increase in overall income due to tremendous growth following reduced and restricted delivery in the previous financial year. While the previous financial year was marked with reduced spending due to the Coronavirus pandemic which contributed to the charity's ability to end the previous year with nearly £150k in unrestricted reserves; this financial year was marked by a 50% increase in staff, double the number of schools across all three regions, and consistent in-person adult delivery. With this incredible growth also came an increase in spending, and we are extremely happy to have maintained a strong and stable financial position and cashflow throughout this financial year and contribute to the charity's ongoing financial security during a period of growth.

Our income in 2021-2022 continued to be driven largely by grant income, which contributed to 38% (2021-37%) of our overall turnover, though we have successfully increased our fee income as part of our fundraising strategy detailed in the 2021 accounts. Our growth has allowed us to increase our schools income and commission courses with the DWP, WRU, and corporate partners needed to diversify our revenue and reduce our reliance on grant funding.

After cancelling our annual fundraising events due to the Coronavirus pandemic in the previous financial year, we were able to host an End of Lockdown lunch in July 2021, a Six Nations dinner in Scotland, as well as our annual End of Dry January lunch at the end of the financial year, which together raised nearly £200k in unrestricted income. These events are instrumental in ensuring the charity maintains a stable unrestricted funds balance with the aim of meeting our reserves target every year.

Approach to fundraising

SOHK is a values-driven charity that conducts its activities in line with the highest ethical standards.

The charity uses a mixed funding economy to spread risk and ensure stability. Currently, the main methods for accessing individual donors are fundraising events, personal referrals from ambassadors and social media campaigns targeted at friends and supporters of the charity. This greatly reduces the risk of SOHK inadvertently contacting members of the public, especially vulnerable people, in an unreasonably intrusive or persistent manner. The charity has robust internal policies on data collection and handling, is fully GDPR compliant and has a robust, externally validated complaints procedure. The charity is prepared to refund any donation which is shown to have been gained through unreasonable fundraising, whether advertently or inadvertently. During the year the charity received no complaints in respect of its fundraising activities.

Looking ahead

As of 25 April 2022, SOHK will enter its 10-year anniversary. We plan to celebrate this monumental achievement throughout the next financial year by establishing a 10-year anniversary campaign which will include our annual fundraising events as well as new regional and national events focused on securing our future growth and improving the quality of our delivery.

Achievements and performance (continued)

Looking ahead (continued)

Coming off the 2022 financial year which saw incredible growth across all regions-doubling the number of pupils we are working with in schools and increasing our staff by 50%- our focus in the 2022-2023 financial year is to continue incorporating behavioral support with our mentoring and rugby coaching to continue steadily and incrementally improving the quality of our delivery.

The Coronavirus pandemic has allowed for increased knowledge of best practices between staff and allowed for greater consistency in our services across the regions that are invaluable lessons to the charity for the future. The wellbeing and professional development of our staff and leadership is of utmost importance so that everyone feels equipped and resourced to embody the values and mission of the charity. We are also focused on increasing our partnerships with several top universities to be the best evidenced and researched sports-based initiative in the UK.

How our activities deliver public benefit

All our programmes focus on either relieving unemployment or advancing education through creating internal changes, which then affect external behaviour.

Throughout our work, we aim to relieve unemployment and prevent exclusion from school. If someone who has been unemployed gains sustainable employment, it benefits their families and particularly their children, their friends and their physical, mental and economic health.

Similarly, children who are excluded from school are statistically more likely to offend, achieve poor educational outcomes, become unemployed and suffer from poorer mental and physical health. Relieving and preventing these issues delivers a clear public benefit.

Our operations are centered in London, Cardiff, Edinburgh, and Glasgow. We have now defined a set of criteria in determining where we work, which takes into account three factors:

1. Is there genuine need? Does the area have neighbourhoods in the 10% most deprived areas on the Multiple Deprivation Index? Is there a concentration of these?
2. Can we make a difference? Is there a sufficient geographical concentration of beneficiaries for us to run group-based interventions? How well is the area served by other agencies? Are there location-specific barriers to our types of work? Can we meet the logistical challenges of working there?
3. Can we fund our work there? Is the area a priority area for national funders? How many local funders are there who might be favourable to us and able to fund our work? How competitive is the funding landscape in the area?

Using these criteria, we will continue to establish our presence throughout England, Scotland, and Wales as well as improve our delivery and adapt our courses as the charity navigates the lasting effects of the Coronavirus pandemic.

Achievements and performance (continued)

How our activities deliver public benefit (continued)

Outside the UK, our award-winning sister project in South Africa continues to deliver SOHK programmes; these projects are helped via a sharing of knowledge and best practice rather than financial support.

Financial review

Our revenue

SOHK's revenue increased by 40% compared to the last year. While grant/fee income still comprised the majority of our income, this increase was largely due to an increase in contracted income and corporate income which more than doubled. This incredible growth is due to an increase in our number of schools, commissioned courses, and corporate partners.

We experienced a 103% increase in fee income compared to the prior year due to nearly doubling the number of schools and pupils we are working with across all three regions, as well as securing DWP West London contracts. This has enabled us to diversify the charity's income and reduce our over-reliance on restricted grant income.

We experienced a 281% increase in corporate income compared to the prior year due in large to a successful shift in funding strategy within our Wales programmes. As detailed in the 2021 accounts, we were successful in establishing multiple corporate partnerships with the Welsh Rugby Union, SEWSCAP, and the Admiral Group to support our behavioural specialists and deliver summer camps.

As detailed in the 2021 accounts, we deferred a large portion of restricted grant income to support postponed delivery that took place within this financial year. Restricted grant income continues to be a large portion of the charity's income and has increased by 51% from the previous financial year. While our funding strategy is to continue to diversify our income and establish partnerships to support our contracted and commissioned work, we do rely on multi-year grant funding to provide stable year-on-year support across all our programmes.

Principal funding sources

Grant income accounted for 38% of SOHK's income. The principal sources of this were Comic Relief, KPE4 Charitable Trust, the Quilter Foundation, Masonic Charitable Foundation, Paul Hamlyn Foundation, Charles Hayward Foundation, Development Trust Association Scotland, Coalfields Regeneration Trust, the Walcot Foundation, and Laureus Sport for Good.

Aside from grant income, SOHK received 26% of our total turnover in contracted income, with contributions from schools and the DWP, and 10% of our total turnover in corporate income, with contributions from the WRU and SEWSCAP.

Reserves policy

The trustees have considered the charity's need for free reserves. These are required to cover an unexpected loss of income, cash flow shortage, or unforeseen operational cost.

Financial review (continued)

Reserves policy (continued)

For some years now, the charity has set a reserve target which has proved extremely difficult to fund practically. In recognition of this, the charity established a risk-level reserves policy that set a short-term and a medium-term reserves target.

The short-term reserves target considers immediate unforeseen expenses, cashflow issues, and the charity's winding up costs and is set at £160,000. The charity's aim is to have this amount available as a minimum target in line with the determined short-term financial risks. We are extremely pleased to have reached this reserve target with a level of free reserves totalling £171,389.

The medium-term reserves target considers risks to multi-year funding, planned commitments, key risks of the charity identified in the risk register, the long-term effects of the Coronavirus pandemic and is set at £310,000. This being an amount equal to three months' running costs and sufficient to cover the charity's most significant risks.

Our reserves target is a constant goal that we seek to work towards by increasing our level of unrestricted funds. Very few funders are willing to fund core costs or unrestricted reserves, so most of our unrestricted income must come from fundraising and individual giving. To set benchmarks towards reaching our medium-term reserve target, our goal is to increase unrestricted funds by 5% each year. In FY21, we were successful in reaching our short-term reserves target of £145,000. It is our goal to continue to meet our short-term reserves target - currently £160,000, while still increasing towards our medium-term target.

Financial position

At the year end the balance sheet showed total funds of £183,636 (2021 - £166,300). Of these £12,247 were restricted (2021 - £16,895). At the year-end our unrestricted balance was £171,389 (2021 - £149,405).

As we have achieved our short-term reserves target of £160,000 and our goal of increasing our unrestricted reserves by 5% each year, the charity will continue to ensure progress towards our medium-term reserves target as outlined above and within the charity's reserves policy.

Going concern

As unemployment, homelessness, and mental health issues continue to rise as a result of the Coronavirus pandemic, our case for support continues to increase with the challenges facing our beneficiaries. This means now more than ever SOHK is needed to offer valuable help to support the young people and adults we work with allowing them to realise their potential. The impact of Covid-19 and lockdowns on our beneficiaries has been reflected in the increased number of schools we are now working with, an increased number of cohorts in existing partnership schools, and the increased necessity to provide mental health support to adults in areas of deprivation.

Trustees' report 31 March 2022

Going concern (continued)

The trustees and senior staff remain highly conscious of the lasting impact of the Coronavirus pandemic on how the charity will operate delivery and administrative functions in the long-term. However, the trustees are confident in the charity's ability to continue to adapt whether in-person or online to provide a much-needed service. This can be seen in the charity's ability to maintain a stable financial position and cashflow throughout the financial year by executing diligent cost control and by diversifying the charity's income sources as outlined in the charity's fundraising strategy.

The trustees continue to monitor and maintain sufficient cashflow and the Board's Finance Subcommittee continues to meet quarterly to review the financial position of the charity and each programme, the balance of restricted and unrestricted funds, the balance sheet, profit and loss, and budget variance for the year to date.

On the basis of their assessment of the Charity's financial position the Trustees have continued to adopt the going concern basis in preparing the financial statements.

Plans for Financial Year 2022-2023

SOHK will prioritise improving our current delivery, increasing our long-term partnerships, establishing consistent school fee income across all regions, and executing multiple fundraising events as part of our 10-year anniversary campaign.

Restricted grant income will continue to be our main source of income, comprising 34% of our forecasted budget. However, this forecast is 5% lower compared to previous financial year as we have increased our fundraising target for the 10-year anniversary campaign, continue to establish corporate partners, and focus on stable contracted income from schools.

The contribution from schools to the costs of the school programme is an integral part of our financial sustainability. It also ensures that the schools have 'skin in the game' and so cooperate on the management and information sharing necessary to the programme. SOHK now has a well-structured income pipeline, with a clear process for engaging and securing schools, and we aim to increase revenue from schools in all three regions next academic year.

As well as generating revenue, the trustees recognise the need to continue our cost control processes and the continuation of the Board's Finance Subcommittee with the charity's finance director. Remaining in surplus is a critical aim for SOHK and streams of work which are not financially sustainable will be paused or scaled back. The charity aims to deliver a surplus of £83,000 in the current financial year and aims to increase our level of free reserves by 5% to work towards the medium-term reserves target of £310,000.

Structure, governance and management

Governing document

The organisation is a charitable company limited by guarantee, incorporated on 17 August 2011. It is registered with the Charity Commission, charity number 1147009. The charity was established under a Memorandum of Association which established the objects and powers of the charitable company and is governed under its Articles of Association.

The charity registered with OSCR, the Scottish Charity Regulator, on 9 November 2015, charity number SC046118.

Recruitment and appointment of trustees

The directors of the company are also charity trustees for the purposes of charity law and Members for the purposes of the Articles of Association. The management of the charity is the responsibility of the trustees who are elected every three years, for three-year terms, under the terms of the Articles of Association. The charity is managed by the trustees via periodic Board meetings and the day-to-day operation of the charity is delegated by the trustees to Mr. Ken Cowen, the Chief Executive Officer.

The trustees review each year the skills and experience of the Board of Trustees and determine the need to appoint further trustees.

The Members of the company guarantee to contribute an amount not exceeding £1 to the assets of the charity in the event of winding up.

Key management personnel

The key management personnel of the charity in charge of directing, controlling, running, and operating the charity on a day-to-day basis comprise the trustees (who are not remunerated), the Chief Executive, the Operations Executive, and the Finance Director.

Their remuneration is set annually by the Board, considering individual performance, the performance of the charity as a whole, and the financial outlook of the charity. This process is informed by SOHK's Performance & Development Reviews, which are conducted by line managers with all staff and by the Chair of Trustees for the CEO.

Employee involvement and employment of the disabled

Employees have been consulted on issues of concern to them by means of regular staff meetings and have been kept informed on specific matters directly by management. The charity has implemented a number of policies in relation to all aspects of personnel matters:

- ◆ Equal opportunities policy
- ◆ Volunteers' policy
- ◆ Health and safety policy

In accordance with the charity's equal opportunities policy, the charity has established fair employment practices in recruitment, selection, retention, and training of disabled staff.

Structure, governance and management (continued)

Employee involvement and employment of the disabled (continued)

Full details of these policies are available from the charity's offices.

Risk management

The trustees have conducted a review of the major risks to which the charity is exposed. A risk register has been established and is updated annually. Where appropriate, systems or procedures have been established to mitigate the risks the charity faces. The charity has a strategic plan, business plan, and fundraising plan, updated annually, which considers and mitigates major risks to the organisation. Internal control risks are minimised by the implementation of procedures for authorisation of all transactions and projects. Procedures are in place to ensure compliance with health and safety of staff, volunteers, and clients.

SOHK's risk register scores risks for their probability and severity, to give an unmitigated risk score. Mitigation is then put in place and the risk is re-evaluated. The charity's risk registers shows the biggest unmitigated risks to the charity to be the following. The mitigation is also included:

- ◆ Sporting activity / injuries - Every delivery day has a qualified first aider and first aid kit to hand, and all frontline work has its own standalone risk assessment. The charity holds specific public liability and employers' liability insurance for its activities, and coaches are required to hold £5m in public liability cover personally. All coaching involves warmups, clearly marked pitches which have been checked for obstructions and hazards and approved equipment. All activities are clearly explained, and no one is forced to participate. The charity has clear Health and Safety Policy which is rigorously adhered to. Charity keeps participant disclaimers in perpetuity.
- ◆ Loss of key staff (temporary or permanent) – The charity has a shared drive with non-confidential files, which can be accessed by all staff. The charity has a financial process document and living delivery manual. All departing staff are required to steward a handover process to their successor. Staff who are made redundant are given paid extension to oversee handover of materials. The charity's reserves policy includes funds for temporary staff to cover sickness, maternity for key staff members. The charity has a staff succession plan assessing roles criticality and impact of individuals. A comprehensive staff wellbeing policy is in place with ongoing refinement. We now retain a counselling service for staff, via our HR support. We have invested in 30 'Headspace' licenses for personal staff use to enhance wellbeing and have recently established staff well-being ambassadors.

Structure, governance and management (continued)

Risk management (continued)

- ◆ Inability to make payments – Our fundraising strategy, whilst ever evolving, is now well established and more successful than ever. We have implemented regional fundraising targets, which is working well. We have diversified our events during the past 12 months which has provided more consistent diversity of income. The charity has secured a £100k working capital facility from Big Issue Invest to provide cashflow stability. Fundraising strategy revolves around regular individual giving, multi-year grant funding, increasing corporate partnerships and our annual fundraising events to provide stable income. The leadership team conducts a quarterly review of funding pipeline and strategy to identify new sources of funding and gaps. Our reserves policy is updated annually to account for the current financial position and costings with a goal to consistently maintain our short-term reserve target. Despite reduced income during the Coronavirus pandemic, we are in a stronger financial position than we have been for the past three years.
- ◆ Illegal activity by the charity (intentional or unintentional). The charity is advised by Milbank on a pro bono basis. Clear policies are in place for all areas of charitable activity and line managers ensure that these are adhered to.

Trustees' Responsibilities Statement

The trustees (who are also directors of the charitable company for the purposes of company law) are responsible for preparing the trustees' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of 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 Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable to the United Kingdom and Republic of Ireland (FRS 102);
- ◆ make judgements and accounting estimates that are reasonable and prudent;
- ◆ state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- ◆ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation; and
- ◆ declare any conflicts of interest under s175 of the Companies Act 2006.

Trustees' report 31 March 2022

Trustees' Responsibilities Statement (continued)

The trustees are responsible for keeping proper 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, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 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.

Each of the Trustees confirms that:

- ♦ so far as the Trustee is aware, there is no relevant audit information of which the charity's auditor is unaware; and
- ♦ the Trustee has taken all the steps that he/she ought to have taken as a Trustee in order to make himself/herself aware of any relevant audit information and to establish that the charity's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included in the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

In preparing this report, the Trustees have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

Approved by the trustees and signed on their behalf by:



Approved by the trustees on:

6th July 2022

Independent auditor's report Year to 31 March 2022

Independent auditor's report to the trustees and members of School of Hard Knocks

Opinion

We have audited the financial statements of School of Hard Knocks (the 'charitable company') for the year ended 31 March 2022 which comprise the statement of financial activities, the balance sheet, the statement of cash flows, the principal accounting policies and the notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- ◆ give a true and fair view of the state of the charitable company's affairs as at 31 March 2022 and of 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, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

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 charitable company'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 auditor's report Year to 31 March 2022

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, which is also the directors' report for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- ◆ the trustees' report, which is also the directors' report for the purposes of company law, 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 and the Charities Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

- ◆ proper and 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;
- ◆ we have not received all the information and explanations we require for our audit; or
- ◆ the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the trustees' report and from the requirement to prepare a strategic report.

Independent auditor's report Year to 31 March 2022

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees (who are also the directors of the charitable company for the purpose 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:

How the audit was considered capable of detecting Irregularities including fraud

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- ◆ The engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- ◆ We identified the laws and regulations applicable to the charity through discussions with management and trustees and from our knowledge and experience of the charity sector;
- ◆ We focused on specific laws and regulations which we considered may have a direct material effect on the accounts or the activities of the charity. These included but were not limited to the Companies Act 2006; the Charities Act 2011; the Charities Accounts Scotland Regulations 2006; Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable to the United Kingdom and Republic of Ireland (FRS 102), Safeguarding Regulations, GDPR, fundraising regulations; and

Independent auditor's report Year to 31 March 2022

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

- ◆ We assess the extent of compliance with laws and regulations identified above by making enquiries of management and representatives of the trustees and review of the minutes of trustees' meetings.

We assessed the susceptibility of the charity's financial statements to material misstatement, including how fraud might occur by:

- ◆ Making enquiries of management and representatives of the trustees as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- ◆ Considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- ◆ Performed analytical procedures to identify any unusual or unexpected relationships;
- ◆ Tested and reviewed journal entries to identify unusual transactions;
- ◆ Tested the authorisation of expenditure;
- ◆ Tested the implementation of financial controls;
- ◆ Assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- ◆ Investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- ◆ Agreeing financial statement disclosures to underlying supporting documentation;
- ◆ Reading the minutes of meetings of trustees; and
- ◆ Enquiring of as to actual and potential litigation and claims.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the trustees and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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

Independent auditor's report Year to 31 March 2022

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 and to the charity's trustees as a body, in accordance with Section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charitable company'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.

A handwritten signature in black ink, appearing to read 'Buzzacott LLP', written over the printed name of the auditor.

Catherine Biscoe (Senior Statutory Auditor)
For and on behalf of Buzzacott LLP, Statutory Auditor
130 Wood Street
London
EC2V 6DL
Date: 07 July 2022

Statement of financial activities
(incorporating an Income and Expenditure Account) Year to 31 March 2022

	Notes	Unrestricted funds £	Restricted funds £	2022 Total funds £	Unrestricted funds £	Restricted funds £	2021 Total funds £
Income and expenditure							
Income from:							
Donations	1	372,171	8,326	380,497	280,199	10,000	290,199
Other trading activities	2	188,779	7,674	196,453	110,728	9,468	120,196
Charitable activities							
• Provision of training courses	3	461,957	514,951	976,908	225,520	340,153	565,673
Coronavirus Job Retention Scheme Grants	4	1,669	—	1,669	131,678	—	131,678
Total income		1,024,576	530,951	1,555,527	748,125	359,621	1,107,746
Expenditure on:							
Raising funds	5	198,434	13,604	212,038	81,433	28,963	110,396
Charitable activities							
• Provision of training courses	6	804,158	521,995	1,326,153	597,853	328,030	925,883
Total expenditure		1,002,592	535,599	1,538,191	679,286	356,993	1,036,279
Net income (expenditure) before transfers		21,984	(4,648)	17,336	68,839	2,628	71,467
Transfer between funds	16	—	—	—	—	—	—
Net movement in funds for the year		21,984	(4,648)	17,336	68,839	2,628	71,467
Reconciliation of funds:							
Fund balances brought forward at 1 April 2021		149,405	16,895	166,300	80,566	14,267	94,833
Fund balances carried forward at 31 March 2022	16	171,389	12,247	183,636	149,405	16,895	166,300

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

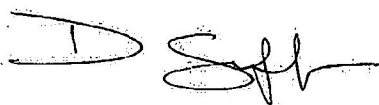
All recognised gains and losses are included in the above statement of financial activities.

Balance sheet 31 March 2022

	Notes	2022 £	2022 £	2021 £	2021 £
Fixed assets					
Tangible assets	13		—		940
Current assets					
Debtors	14	148,819		139,661	
Cash at bank and in hand		<u>229,276</u>		<u>321,189</u>	
		378,095		460,850	
Liabilities					
Creditors: amounts falling due within one year	15	<u>(194,459)</u>		<u>(295,490)</u>	
Net current assets			183,636		165,360
Total net assets			<u>183,636</u>		<u>166,300</u>
The funds of the charity:					
Unrestricted funds					
General fund	16		171,389		149,405
Restricted funds	16		<u>12,247</u>		<u>16,895</u>
Total charity funds			<u>183,636</u>		<u>166,300</u>

The financial statements have been prepared in accordance with the small companies exemptions provided by section 415A of the Companies Act 2006.

Approved by the trustees and signed on their behalf by:



Trustee **DEBORAH GRIFFIN**

Approved on: **6 July 2022**

Company Registration Number: 07743730 (England and Wales)

Charity Registration Numbers: 1147009 (England and Wales) and SC046110 (Scotland)

Statement of cash flows Year to 31 March 2022

	Notes	2022 £	2021 £
Cash flows from operating activities:			
Net cash (used in) provided by operating activities	A	(91,913)	159,757
Change in cash and cash equivalents in the year		(91,913)	159,757
Cash and cash equivalents at 1 April 2021	B	321,189	161,432
Cash and cash equivalents at 31 March 2022	B	229,276	321,189

Notes to the statement of cash flows for the year to 31 March 2022.

A Reconciliation of net movement in funds to net cash used in operating activities

	2022 £	2021 £
Net movement in funds (as per the statement of financial activities)	17,336	71,467
Adjustments for:		
Depreciation charge	940	943
(Increase) in debtors	(9,158)	(75,522)
(Decrease) increase in creditors	(101,031)	162,869
Net cash (used in) provided by operating activities	(91,913)	159,757

B Analysis of changes in net debt

	As at 31 March 2021 £	Cash flows £	As at 31 March 2022 £
Cash at bank and in hand	321,189	(91,913)	229,276
Total cash and cash equivalents	321,189	(91,913)	229,276

No separate reconciliation of net debt has been prepared as there is no difference between the net cash (debt) of the charity and the above cash and cash equivalents.

Principal accounting policies Year to 31 March 2022

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are laid out below.

Basis of preparation

These financial statements have been prepared for the year to 31 March 2022, with comparative information given in respect to the year ended 31 March 2021.

The financial statements have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant accounting policies below or the notes to these financial statements.

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (Charities SORP FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Charities Act 2011, Charities Accounts (Scotland) Regulations 2006 and the Companies Act 2006.

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

The financial statements are presented in sterling and are rounded to the nearest pound.

Assessment of going concern

The trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the charity to continue as a going concern. The trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements.

The trustees and senior staff remain highly conscious of the lasting impact of the Coronavirus pandemic on how the charity will operate delivery and administrative functions in the long-term. However, the trustees are confident in the charity's ability to continue to adapt whether in-person or online to provide a much-needed service. This can be seen in the charity's ability to maintain a stable financial position and cashflow throughout the financial year by executing diligent cost control and by diversifying the charity's income sources as outlined in the charity's fundraising strategy.

The trustees continue to monitor and maintain sufficient cashflow and continue to execute the Board's Finance Subcommittee monthly review of the financial position of the charity and each programme, the balance of restricted and unrestricted funds, and the balance sheet, profit and loss, and budget variance for the year to date.

On the basis of their assessment of the Charity's financial position the Trustees continue to adopt the going concern basis in preparing the financial statements.

Principal accounting policies Year to 31 March 2022

Critical accounting estimates and areas of judgement

Preparation of the financial statements requires the trustees and management to make significant judgements and estimates.

The items in the financial statements where these judgements and estimates have been made include:

- ◆ estimating the useful economic life of tangible fixed assets for the purpose of determining the annual depreciation charge;
- ◆ estimating the value of gifts in kind received; and
- ◆ estimating future inflows and outflows for the purpose of assessing going concern.

Income recognition

Income is recognised in the period in which the charity has entitlement to the income, the amount of income can be measured reliably and it is probable that the income will be received.

Income comprises donations and grants, fee income, sponsorship, income from events and investment income.

Donations are recognised when the charity has confirmation of both the amount and settlement date. In the event of donations pledged but not received, the amount is accrued for where the receipt is considered probable. In the event that a donation is subject to conditions that require a level of performance before the charity is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the charity and it is probable that those conditions will be fulfilled in the reporting period.

Donated services provided to the charity are recognised in the period when it is probable that the economic benefits will flow to the charity, provided they can be measured reliably. This is normally when the service is provided to the charity. An equivalent amount is included as expenditure.

Donated services are recognised on the basis of the value of the gift to the charity which is the amount the charity would have been willing to pay to obtain services of equivalent economic benefit on the open market.

In accordance with the Charities SORP FRS 102 volunteer time is not recognised.

Principal accounting policies Year to 31 March 2022

Income recognition (continued)

Grants and fee income from government and other agencies have been included as income from charitable activities where these amount to a contract for services, but as donations where the money is given in response to an appeal or with greater freedom of use, for example monies for core funding. Income is deferred when the charity has not satisfied the requirements for entitlement or when the donor has specified funds for use in a future accounting period. Income from the Government's Coronavirus Job Retention Scheme is recognised when the charity has made a valid claim for the income, the amount can be measured and when it is entitled to receive the income. Sponsorship income is receivable on an annual basis in recognition of the charity's participation in certain activities.

Fee income is recognised once the charity has fully met all performance criteria as specified in the relevant contract.

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

Expenditure recognition

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to make a payment to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably.

All expenditure is accounted for on an accruals basis. Expenditure comprises direct costs and support costs. All expenses, including support costs, are allocated or apportioned to the applicable expenditure headings. The classification between activities is as follows:

- ◆ Expenditure on raising funds includes all expenditure associated with raising funds for the charity. This includes staff costs associated with fundraising and the costs of fundraising events.
- ◆ Expenditure on charitable activities includes all costs associated with furthering the charitable purposes of the charity through the provision of its charitable activities. Such costs include the delivery of training courses, direct and support costs including governance costs.

All expenditure is stated inclusive of irrecoverable VAT.

Allocation of support and governance costs

Support costs represent indirect charitable expenditure. In order to carry out the primary purposes of the charity it is necessary to provide support in the form of project management carried out at Headquarters, personnel development, financial procedures, provision of office services and equipment and a suitable working environment.

Principal accounting policies Year to 31 March 2022

Allocation of support and governance costs (continued)

Governance costs comprise the costs involving the public accountability of the charity (including audit costs) and costs in respect to its compliance with regulation and good practice.

Support costs and governance costs are allocated to the charity's sole activity, provision of training courses.

Taxation

The company is a charity under the Finance Act 2010 (schedule 6, paragraph 1) definition. Accordingly, the company is potentially exempt from taxation in respect of income or capital gains within categories covered by the Corporation Tax Act 2010 (part 11, chapter 3) or the Taxation of Chargeable Gains Act 1992 (section 256), to the extent that such income or gains are applied exclusively to charitable purposes. No tax charge arose in the period.

Tangible fixed assets and depreciation

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

Tangible assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful economic lives on the following basis:

Computer equipment	33.33% straight line
Outdoor equipment	33.33% straight line
Motor vehicles	20% straight line

Debtors

Debtors are recognised at their settlement amount, less any provision for non-recoverability. Prepayments are valued at the amount prepaid. They have been discounted to the present value of the future cash receipt where such discounting is material.

Cash at bank and in hand

Cash at bank and in hand represents such accounts and instruments that are available on demand or have a maturity of less than three months from the date of acquisition.

Creditors and provisions

Creditors and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Creditors and provisions are recognised at the amount the charity anticipates it will pay to settle the debt. They have been discounted to the present value of the future cash payment where such discounting is material.

Principal accounting policies Year to 31 March 2022

Funds

Restricted funds comprise monies raised for, or their use restricted to, a specific purpose, or contributions subject to donor imposed conditions.

The general fund represents those monies which are freely available for application towards achieving any charitable purpose that falls within the School of Hard Knock's charitable objects.

Pension costs

Contributions in respect of the charity's defined contribution scheme are charged to the statement of financial activities when they are payable to the scheme.

Notes to the financial statements Year to 31 March 2022

1 Income from donations

	Unrestricted funds £	Restricted funds £	2022 Total funds £
Individuals	111,121	150	111,271
Corporate donations	145,375	—	145,375
Trusts and Foundations	18,000	—	18,000
Gifts in Kind	97,675	8,176	105,851
2022 Total funds	372,171	8,326	380,497

	Unrestricted funds £	Restricted funds £	2021 Total funds £
Individuals	127,650	10,000	137,650
Corporate donations	38,065	—	38,065
Trusts and Foundations	13,500	—	13,500
Gifts in Kind	100,984	—	100,984
2021 Total funds	280,199	10,000	290,199

2 Income from other trading activities

	Unrestricted funds £	Restricted funds £	2022 Total funds £
Income from fundraising events	188,779	7,674	196,453
2022 Total funds	188,779	7,674	196,453

	Unrestricted funds £	Restricted funds £	2021 Total funds £
Income from fundraising events	110,728	9,468	120,196
2021 Total funds	110,728	9,468	120,196

3 Income from charitable activities

	Unrestricted funds £	Restricted funds £	2022 Total funds £
Grant income	58,884	514,951	573,835
Fee income	403,073	—	403,073
2022 Total funds	461,957	514,951	976,908

Notes to the financial statements Year to 31 March 2022

3 Income from charitable activities (continued)

	Unrestricted funds £	Restricted funds £	2021 Total funds £
Grant income	27,500	340,153	367,653
Fee income	198,020	—	198,020
2021 Total funds	225,520	340,153	565,673

Income from charitable activities includes £37,940 (2021 - £47,100) received from Government.

4 Other income

	Unrestricted funds £	Restricted funds £	2022 Total funds £
Coronavirus Job Retention Scheme grants	1,669	—	1,669
2022 Total funds	1,669	—	1,669

	Unrestricted funds £	Restricted funds £	2021 Total funds £
Coronavirus Job Retention Scheme grants	131,678	—	131,678
2021 Total funds	131,678	—	131,678

5 Expenditure on raising funds

	Unrestricted funds £	Restricted funds £	2022 Total funds £
Fundraising staff costs (note 10)	78,410	—	78,410
Cost of fundraising events	120,024	13,604	133,628
2022 Total funds	198,434	13,604	212,038

	Unrestricted funds £	Restricted funds £	2021 Total funds £
Fundraising staff costs (note 10)	74,437	24,163	98,600
Cost of fundraising events	6,996	4,800	11,796
2021 Total funds	81,433	28,963	110,396

Notes to the financial statements Year to 31 March 2022

6 Expenditure on charitable activities

	Unrestricted funds £	Restricted funds £	2022 Total funds £
Training courses	143,710	191,893	335,603
Course delivery staff costs (note 10)	350,513	304,214	654,727
Support costs (note 7)	309,935	25,888	335,823
2022 Total funds	804,158	521,995	1,326,153

	Unrestricted funds £	Restricted funds £	2021 Total funds £
Training courses	50,304	84,333	134,637
Course delivery staff costs (note 10)	282,023	210,471	492,494
Support costs (note 7)	265,526	33,226	298,752
2021 Total funds	597,853	328,030	925,883

7 Support costs

	Unrestricted funds £	Restricted funds £	2022 Total funds £
Office and rent costs	52,746	12,099	68,845
Communication costs	3,597	800	4,397
Accommodation, travel and subsistence costs	8,008	393	8,401
Staff expenses reimbursed	3,051	—	3,051
Staff training	—	10,477	10,477
Insurance	2,262	428	2,690
Website and promotional material	27,225	112	27,337
Consultancy fees	68,643	—	68,643
Depreciation	940	—	940
Sundry expenses	10,066	264	10,330
Support staff costs (note 10)	102,474	1,273	103,747
Irrecoverable VAT	5,748	42	5,790
Governance costs (note 8)	25,175	—	25,175
	309,935	25,888	335,823

Notes to the financial statements Year to 31 March 2022

7 Support costs (continued)

	Unrestricted funds £	Restricted funds £	2021 Total funds £
Office and rent costs	67,467	20,708	88,175
Accommodation, travel and subsistence costs	2,742	—	2,742
Staff expenses reimbursed	456	246	702
Insurance	1,329	788	2,117
Website and promotional material	4,624	11,142	15,766
Consultancy fees	65,163	—	65,163
Depreciation	942	—	942
Sundry expenses	5,316	—	5,316
Support staff costs (note 10)	96,744	—	96,744
Irrecoverable VAT	5,318	—	5,318
Governance costs (note 8)	15,425	342	15,767
	265,526	33,226	298,752

All support costs are attributable to the charitable activities of the charity.

8 Governance costs

	Unrestricted funds £	Restricted funds £	2022 Total funds £
Accountancy and audit costs	20,052	—	20,052
Other professional fees	5,123	—	5,123
2022 Total funds	25,175	—	25,175

	Unrestricted funds £	Restricted funds £	2021 Total funds £
Accountancy and audit costs	13,297	—	13,297
Other professional fees	2,128	342	2,470
2021 Total funds	15,425	342	15,767

9 Net income (expenditure)

This is stated after charging:

	2022 Total funds £	2021 Total funds £
Staff costs (note 10)	836,884	687,838
Depreciation of tangible fixed assets	940	942
Auditor's remuneration		
Statutory Audit	11,400	10,980

Notes to the financial statements Year to 31 March 2022

10 Staff costs

Staff costs were as follows:

	2022 £	2021 £
Wages and salaries	746,688	617,933
Social security costs	68,272	51,800
Pension costs	21,924	18,105
	836,884	687,838

Total staff costs have been allocated between expenditure on raising funds, course delivery, governance and support costs based on the approximate percentage of staff time spent in each area, as follows:

	2022 £	2021 £
Expenditure on raising funds	78,410	98,600
Course delivery	654,727	492,494
Support costs	103,747	96,744
	836,884	687,838

The average monthly number of employees during the year was as follows:

	2022 No.	2021 No.
Management	4	3
Operational	21	17
	25	20

One employee received remuneration between £60,000 and £70,000 in the year (2021 - one). Pension contributions of £2,020 (2021 - £1,950) were paid in respect of this employee.

The key management personnel of the charity in charge of directing and controlling, running and operating the charity on a day to day basis comprise the trustees (who are not remunerated), the Chief Executive, the Operations Executive and the Finance Director. The total remuneration (including taxable benefits, employer's pension contributions and employers national insurance contributions) of the key management personnel for the year was £161,345 (2021 - £152,142).

11 Trustees' remuneration

No trustee received any remuneration for services or reimbursed expenses as a trustee in the current year (2021 - none).

12 Taxation

School of Hard Knocks is a registered Charity and therefore is not liable to income tax or corporation tax on income derived from its charitable activities, as it falls within the various exemptions available to registered charities.

Notes to the financial statements Year to 31 March 2022

13 Tangible fixed assets

	Computer equipment £	Total £
Cost		
At 1 April 2021 and 31 March 2022	2,824	2,824
Depreciation		
At 1 April 2021	1,884	1,884
Charge for the year	940	940
At 31 March 2022	2,824	2,824
Net book value		
At 31 March 2022	—	—
At 31 March 2021	940	940

14 Debtors

	2022 £	2021 £
Trade debtors	132,202	128,546
Prepayments and accrued income	15,256	9,754
Other debtors	1,361	1,361
	148,819	139,661

15 Creditors: amounts falling due within one year

	2022 £	2021 £
Trade creditors	41,477	55,338
Other taxation and social security	19,890	14,999
VAT	5,211	3,061
Other creditors	5,791	4,467
Accruals and deferred income	122,090	217,625
	194,459	295,490

	2022 £	2021 £
Deferred income brought forward at 1 April 2021	208,290	48,781
Income deferred in year	102,547	208,290
Deferred income released in year	(208,290)	(48,781)
/carried forward at 31 March 2022	102,547	208,290

Deferred income relates to income received in 2022 for use by the charity in 2023, as specified by the donors.

Notes to the financial statements Year to 31 March 2022

16 Statement of funds

	At 1 April 2021 £	Income £	Expenditure £	Transfers £	At 31 March 2022 £
Unrestricted funds	149,405	1,024,576	(1,002,592)	—	171,389
Restricted funds					
Charles Hayward	—	25,000	(23,812)	—	1,188
Coalfields	—	20,582	(20,582)	—	—
Comic Relief	2,068	141,210	(139,361)	—	3,917
Communities Recovery Fund	—	24,076	(24,076)	—	—
Fire Mental Health Fund	—	7,631	(7,631)	—	—
Hertfordshire Community Foundation	—	960	(960)	—	—
John Lyon's Charity	—	26,031	(24,364)	—	1,667
KPE4 Trust	—	38,101	(38,101)	—	—
Laureus Sport for Good	4,631	21,614	(26,245)	—	—
Masonic Charitable Foundation	—	36,763	(36,763)	—	—
Paul Hamlyn Foundation	7,575	35,272	(42,847)	—	—
Paul Hamlyn Covid- Response	—	7,850	(7,850)	—	—
Quilter Foundation	—	75,534	(75,534)	—	—
Riverside Resource Community Fund	—	7,000	(4,586)	—	2,414
Sir John Cass Foundation	—	4,612	(4,612)	—	—
SOL Foundation	—	8,029	(8,029)	—	—
Tabard RFC	543	15,899	(15,901)	—	541
Walcot Foundation	—	11,212	(11,212)	—	—
Wates Foundation	—	10,000	(7,480)	—	2,520
Young Londoners Fund	2,078	13,577	(15,655)	—	—
	16,895	530,953	(535,601)	—	12,247
Total funds	166,300	1,555,529	(1,538,193)	—	183,636

16 Statement of funds (continued)

Notes to the financial statements Year to 31 March 2022

	At 1 April 2020 £	Income £	Expenditure £	Transfers £	At 31 March 2021 £
Unrestricted funds					
General	80,566	616,447	(547,608)	—	149,405
Cardiff Central Unrestricted	—	131,678	(131,678)	—	—
	<u>80,566</u>	<u>748,125</u>	<u>(679,286)</u>	<u>—</u>	<u>149,405</u>
Restricted funds					
Aspiring Communities	—	17,344	(17,344)	—	—
Coalfields	—	18	(18)	—	—
Comic Relief	—	70,796	(68,728)	—	2,068
Fidelity Foundation	—	30,729	(30,729)	—	—
John Lyon's Charity	—	8,949	(8,949)	—	—
Laureus Sport for Good	3,298	34,288	(32,955)	—	4,631
Masonic Charitable Foundation	—	29,691	(29,691)	—	—
National Lottery Awards for All	—	9,405	(9,405)	—	—
Paul Hamlyn Foundation	6,825	23,228	(22,478)	—	7,575
Paul Hamlyn Covid-Response	—	6,150	(6,150)	—	—
Quilter Foundation	—	28,086	(28,086)	—	—
Robertson Trust	—	14,000	(14,000)	—	—
Sir John Cass Foundation	—	5,388	(5,388)	—	—
SJP Foundation	2,066	—	(2,066)	—	—
SOL Foundation	—	30,247	(30,247)	—	—
Tabard RFC	—	19,468	(18,925)	—	543
Walcot Foundation	—	13,788	(13,788)	—	—
Wates Foundation	—	18,046	(18,046)	—	—
Young Londoners Fund	2,078	—	—	—	2,078
	<u>14,267</u>	<u>359,621</u>	<u>(356,993)</u>	<u>—</u>	<u>16,895</u>
Total funds	<u>94,833</u>	<u>1,107,746</u>	<u>(1,036,279)</u>	<u>—</u>	<u>166,300</u>

Aspiring Communities

Aspiring Communities (part of Project Scotland) provided a grant to run one adult course at Inch Park in Edinburgh focused on mental wellbeing.

Coalfields Regeneration Trust

Coalfields Regeneration Trust gave us funding for a Scotland Adult employability course in Alloa.

Charles Hayward Foundation

Charles Hayward Foundation has given us multi-year grant funding for rugby coaching and behavioural support mentoring for schools in North Hertfordshire.

Comic Relief

Comic Relief gave us funding for three years starting in 2020 to deliver 12 adult courses in Wales with psychotherapy support.

Notes to the financial statements Year to 31 March 2022

16 Statement of funds (continued)

Communities Recovery Fund

DTA Scotland gave us funding for a Scotland Adults course in May 2021 in Kirkcaldy.

Fife Mental Health Fund

Fife Voluntary Action have given us funding for a Scotland Adults course which starts in April 2022, though recruitment and planning started in March 2022.

Fidelity Foundation

The Fidelity Foundation gave us funding for 2 years starting in 2019, covering the marketing executive's full salary for the first year as well as one-off costs to establish our online membership scheme. The second year covers 50% of the marketing executive's salary and filming/editing costs.

Hertfordshire Community Foundation

Hertfordshire's Holiday Activity Programme gave us funding to deliver a schools summer camp at Tabard RFC.

John Lyon's Charity

John Lyon's Charity provided a grant to allow us to expand our schools programme into West London. The grant supports our schools programme for 3 years with the first instalment received in December 2018 for work that started in September 2019.

KPE4 Trust

KPE4 Trust gave us grant funding to deliver a 7-week long summer camp followed by a year long after-school club for 20 vulnerable pupils transitioning to secondary school called 'Lift-Off'.

Laureus Sport for Good

Laureus Sport for Good funded five SOHK for Schools cohorts working with girls – two in Cardiff, two in Fife and one in London.

Masonic Charitable Foundation

The Masonic Charitable Foundation kindly gave us funding for three years starting in 2019 for our work with children at risk of exclusion in Wales.

National Lottery

National Lottery Awards for All provided funding to support adult work in Wales and is being used to provide our online 'Back in the Game' course.

Paul Hamlyn Covid-Response Emergency Fund

The Paul Hamlyn Foundation provided a grant in 2020 to help sustain our work and more effectively help those who have been affected by the coronavirus pandemic.

Paul Hamlyn Foundation

The Paul Hamlyn Foundation provided a two-year grant starting in 2019 to support our behavioural specialists and mentoring programme in 5 of our Wales Schools.

Notes to the financial statements Year to 31 March 2022

16 Statement of funds (continued)

Quilter Foundation

The Quilter Foundation provided a grant for three years starting in 2020 to fund two England adult courses per year, this was postponed and deferred into 2021.

Robertson Trust

The Robertson Trust gave SOHK a partial grant towards work with unemployed adults in Fife. The grant involves a contribution each year for three years starting in 2018.

Riverside Resource Community Fund

Riverside Resource Community Fund have given us grant funding for our work with Bacons College.

Sir John Cass Foundation

Sir John Cass Foundation gave us funding for 2 years for our work in London schools, particularly Bacon's College and Westminster School.

SJP Foundation

St James' Place Foundation generously supported our schools work in Wales for three years, the last grant instalment was received in 2019.

SOL Foundation

The SOL Foundation provided a grant to support our work in 3 London based schools for three years starting in 2018.

Tabard RFC

Tabard RFC and their President, Ross Hopcroft, have raised money to support our SOHK for Schools intervention in Hertfordshire. This funding will be used to support our Hertfordshire based schools.

Walcot Foundation

The Walcot Foundation provided a grant to support our England Adult work which we were able to adapt to deliver our online Back in the Game course.

Wates Foundation

The Wates Foundation fully funded a course for unemployed adults in Wales.

William Wates

William Wates Memorial Trust have given us £28,000 over three years to support our work in Warlingham School in London.

Young Londoners Fund

The Mayor's Young Londoners Fund provided a grant to support our work in schools across London, working with children at risk of permanent exclusion for three years starting in 2018.

Notes to the financial statements Year to 31 March 2022

17 Analysis of net assets between funds

	Unrestricted funds £	Restricted funds £	2022 Total funds £
Tangible fixed assets	—	—	—
Current assets	263,301	114,794	378,095
Creditors due within one year	(91,912)	(102,547)	(194,459)
	<u>171,389</u>	<u>12,247</u>	<u>183,636</u>

	Unrestricted funds £	Restricted funds £	2021 Total funds £
Tangible fixed assets	940	—	940
Current assets	235,665	225,185	460,850
Creditors due within one year	(87,200)	(208,290)	(295,490)
	<u>149,405</u>	<u>16,895</u>	<u>166,300</u>

18 Related party transactions

During the year the charity received donations of £1,791 (2021 - £8,350) from the trustees. The charity also received donations in kind in the form of donated auction prizes with a value of approximately £23,500 (2021 - £nil) from the trustees.

In addition, the charity received pro bono services of £68,642 (2021 - £65,163) from a law firm of which one of the trustees is a partner.

19 Commitments under operating leases

At 31 March 2022, the total of the charity's future minimum lease payments under non-cancellable operating leases was as follows:

	2022 £	2021 £
Amounts due within one year	13,568	11,950
Amounts due between two and five years inclusive	38,614	52,183
	<u>52,182</u>	<u>64,133</u>