

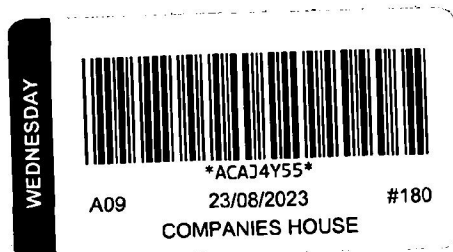
School of Hard Knocks

Annual Report and Financial Statements

31 March 2023

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 Jonathan Teckman Ms Deborah Griffin Mr James Cameron Ms Victoria Griffin Mr Mike Francis Ms Pauline Broomhead Ms Yasmine Hafiz Mr Robert McKillop Mr Mikel Mellick (appointed 5 September 2022) Mr Neel Sood (appointed 5 September 2022)
Chief Executive	Mr Ken Cowen
Registered office	Ty Cefn Old Building Unit 4 Rectory Road Cardiff Wales CF5 1QL
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 2023

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 2023.

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 25 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.

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.

England

Our England Adult programme completed our first ever multi-year grant funding from the Quilter Foundation in May 2022, delivering six courses over three years in Vauxhall, London. We were also able to deliver 2 adult courses funded by the Walcot Foundation, working with 85 adults in total this year.

Achievements and performance (continued)

England (continued)

In July 2022, we delivered a one-week short course running at Westway Sports Centre in London in partnership with the DWP Department of Levelling Up and funded by Moorhouse Consultancy.

Our adult team has continued to deliver weekly drop-in boxing sessions which has been an effective way to retain engagement for past and current beneficiaries.

Our England Schools programme continued to see stability across the programme with the majority of schools continuing from the previous year, as well as 2 new projects in Portsmouth and Lambeth. We were able to deliver at 14 schools, working with 380 pupils. Most of our schools remain long standing relationships and delivery remains strong, entering our 6th year of delivery and 4th year of local authority funding within our Hertfordshire schools.

Our first school in the Portsmouth area is a joint project between Brunepark Community School and their sister school Bayhouse. The groups have been engaging and welcoming, and we are hopeful we can continue to develop our school's delivery across the region.

Scotland

Our Scotland Adult programme (OSCR registration number SC046118) delivered a course funded by the Fife Voluntary Action in April 2022, and began the first courses of our multi-year grant from the National Lottery. Our largest multi-year grant in Scotland to date, we secured £183k from the National Lottery to deliver 6 courses over 2 years in Glasgow, working with unemployed adults with a focus on Roma community and refugee/asylum seekers, breaking down barriers between them and local 'settled' population.

Our Scotland Schools programme currently works in 8 schools across Edinburgh, Glasgow, Fife, and Denny, working with a total of 250 students on average every week. We delivered our first Scotland Schools National Festival in May 2022, bringing 180 young people from 8 schools across Scotland together to play against each other at Edinburgh Rugby's Dam Health Stadium.

We were also able to deliver our second 7-week summer camp followed by a year long after-school club for 20 vulnerable pupils transitioning to secondary school called 'Lift Off' based at Craigroyston Community High School in Edinburgh funded by KPE4 Trust.

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. We have been successful in securing follow-on funding from Comic Relief to deliver an additional 4 adult courses from April 2023.

Within our Wales Schools programme, we have started working with 8 new schools across south-east Wales, increasing our total number of schools in Wales to 15, our largest year yet working with an average of 700 pupils weekly. In our Cardiff based schools our delivery is being supported by Police Community Support Officers from South Wales Police that helps break down barriers and increase understanding.

Achievements and performance (continued)

Wales (continued)

Within our Wales schools' teams, we have continued our Inclusion Project to develop a good practice guide on how to improve the experiences of trans, non-binary and gender exploring young people with funding from the Paul Hamlyn Foundation.

Fundraising

This financial year was marked by a continued increase in staff, the number of schools across all three regions, and consistent in-person adult delivery. With this continued growth also came an increase in spending, and while we are extremely proud to have maintained this high level of delivery, it has not come without challenges, in particular regarding income generation.

The charity experienced a 14% increase in overall income due to continued growth across all three regions, particularly within our schools' programmes and within our adults' multi-year grant funding, and with the success of our 10-year anniversary campaign.

Our income in 2022-2023 continued to be driven largely by grant income, which contributed to 37% (2022-38%) of our overall turnover. We did experience gaps in delivery funding within our schools' programmes as a result of multi-year grants ending and finding the landscape of grant funding more elusive than previous years.

After cancelling our annual fundraising events due to the Coronavirus pandemic in the 2021 financial year, we were able to host an End of Lockdown lunch, a Six Nations dinner in Scotland, and our annual End of Dry January lunch within the 2022 financial year, which together raised nearly £200k in unrestricted income. Coming off these events in 2022, the charity experienced a challenging time with our summer 2022 events and thus shifted its fundraising event focus to our 10-year anniversary campaign, which included our annual lunch at M Threadneedle, as well as new regional and national events, which all together raised £273k.

While these events were instrumental in ensuring the charity maintains a stable unrestricted balance, the charity also invested our resources into a major donor campaign as part of our 10-year anniversary. Our leadership team, along with a fundraising consultant, established regional fundraising committees with the goal of securing major donors to sustain our schools work in every region. This has been a great step forward in the charity's fundraising strategy and approach, and though our 10-year anniversary has ended, we continue to develop the long-term strategies that have been put in place this financial year and within our major donor campaign.

Approach to fundraising

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

Achievements and performance (continued)

Approach to fundraising (continued)

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

Coming off a difficult financial year, the charity has adopted an updated fundraising strategy. At the beginning of the 2023-2024 financial year, we have secured funding from the Fidelity Foundation to appoint an Events Co-Ordinator and a Trusts and Foundations Manager. This will enable the charity to have a fully developed fundraising team. Along with our Partnerships Executive, we will focus this year on long term, sustainable fundraising that focuses on minimising risks within our events, securing new multi-year grants, and increased corporate partnerships for our schools.

As we approach a new academic year in 2023 in which school budgets continue to be challenged, the charity is prepared to think creatively and adapt. We are focusing on establishing corporate partnerships for individual schools facing budget constraints, securing supplemental funding, and ensuring our adult work remains stable and cost effective.

The charity continues to embrace resiliency as we enter a pivotal shift in our fundraising strategy, and we remain committed to delivering first class support to our beneficiaries.

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.

Achievements and performance (continued)

How our activities deliver public benefit (continued)

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 and current cost of living crisis.

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

SOHK's revenue increased by 14% compared to the previous year, while our expenditure increased by 20% compared to the previous year. We are extremely happy to have sustained such a high level of delivery during a difficult financial climate. Though we have seen a reduction in our contracted income and an increased need for supplemental grant funding, we were able to increase our delivery staff by 40% to deliver our schools' programme at an increased number of schools and establish our new adult courses with multi-year funding from the National Lottery.

As part of our 10-year anniversary, we were successful in increasing our income from fundraising events by 39% compared to the previous year. After coming off the 2022 summer where our forecasted fundraising events did not go as predicted, we are extremely pleased to have exceeded our targets for our 10-year anniversary lunch in November 2022, End of Anniversary event in March 2023 as well as our regional Wales lunch in February 2023 and our Scotland Six Nations Supper in March 2023.

Also, as part of our 10-year anniversary, we were successful in increasing our individual income by 98% compared to the previous year. This is a substantial achievement for the charity, and we hope to continue to build off this to establish our long-term major donor campaign.

Financial review (continued)

We experienced a 6% increase in our grant income compared to the previous year. Restricted grants continue to comprise the majority of our income (33%); however, we have experienced an increased need in grant funding as we've grown our delivery staff by 40% compared to the previous year and total delivery expenditure has increased by 24% compared to the previous year. This has left us with gaps in delivery funding as we've had multi-year grants come to an end and been unsuccessful on a number of grant funding applications to fill these gaps. While our funding strategy is to continue to diversify our income and establish partnerships to support our contracted work, we do rely on multi-year grant funding to provide stable year-on-year support across all our programmes.

We experienced an 18% decrease in fee income compared to the previous year. This is primarily due to the end of our DWP contract in West London in the 2022 financial year, as well as schools' budget constraints.

Principal funding sources

Grant income accounted for 37% of SOHK's income. The principal sources of this were Comic Relief, the National Lottery, KPE4 Charitable Trust, the Quilter Foundation, Paul Hamlyn Foundation, Charles Hayward Foundation, the Walcot Foundation, John Lyons Charity, and Laureus Sport for Good.

Aside from grant income, SOHK received 19% of our total turnover in contracted income, with contributions from schools and the local authorities, and 11% of our total turnover in corporate income, with contributions from Bailie Gifford 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.

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 have assessed our current financial position and level of expenditure on the short-term reserves target and have concluded the charity will aim to achieve the short-term reserves target by the end of 2023.

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 cost of living crisis, 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.

Financial review (continued)

Reserves policy (continued)

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. It is our goal to meet our short-term reserves target - currently £160,000, while still working towards our medium-term target.

Financial position

At the year end the balance sheet showed total funds of £124,775 (2022- £183,636). Of these £4,567 were restricted (2022 - £12,247). At the year-end our unrestricted free reserves balance was £120,208 (2022 - £171,389).

Going concern

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 lasting impact of Covid-19 and now the current cost of living crisis 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.

The trustees and senior staff remain highly conscious of the lasting impact of the Coronavirus pandemic and the current cost of living crisis on how the charity will continue to operate to ensure long-term, sustainable delivery. While the charity has ended this financial year with a deficit, which can be attributed to a difficult fundraising landscape and increased costs, the trustees are confident in the charity's ability to continue to adapt to provide a much-needed service. This can be seen in the charity's updated fundraising strategy that includes the appointment of two new roles funded by the Fidelity Foundation - an Events Co-Ordinator and a Trusts and Foundations Manager. Together, with our Partnerships Executive, this will be the first time the charity has a fully-fledged fundraising team with specific roles that focus on fundraising events, grant income generation, and corporate partnerships.

We are confident this shift in strategy to increase corporate partners within our schools' programme, plan our long-term events calendar with risk mitigations, and establish new multi-year grant funding will allow the charity to maintain a stable financial position and achieve our reserves target.

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. The trustees, along with the leadership team, also continue to develop alternative delivery models to ensure the charity can adapt no matter the current financial climate.

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 2023-2024

SOHK will prioritise improving our current secured delivery, increasing our long-term partnerships and relationships with donors, establishing consistent school fee income across all regions, and executing multiple fundraising events as part of our updated fundraising strategy.

While the 2023-2024 academic year will prove to be a difficult time with school and local authority budget constraints, the charity will prioritise our work with current schools to ensure our continued delivery with our beneficiaries. Though it is a goal of the charity to increase our school fee income, we recognise this will not be consistent across all regions and therefore will have a goal to secure corporate partners for our schools, increase our supplemental grant funding, and adopt alternative delivery models within school budgets and provide cost savings to the charity.

The contribution from schools to the cost 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 has a clear process for engaging schools, and we aim to work with each individual school next academic year to ensure continued delivery.

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. Ending the 2023-2024 financial year in a 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 £100,000 in the 2023-2024 financial year and aims to ensure our level of free reserves exceeds our short-term reserves target of £160,000.

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.

Structure, governance and management (continued)

Recruitment and appointment of trustees (continued)

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.

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:

Structure, governance and management (continued)

Risk management (continued)

- ♦ 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.
- ♦ Inability to make payments – Our fundraising strategy, whilst ever evolving, is now well established and more successful than ever. We've implemented regional fundraising targets, which is working well. We've diversified our events during the past 12 months, which has provided more consistent diversity of income. 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. While our cashflow requires strict management, the Finance Manager forecasts any cashflow shortages and remedial actions needed to the CEO and Trustees.
- ♦ 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.
- ♦ Failure to meet targets on delivery income- The charity realises given the current financial position and cost of living crisis, the charity must accept some risk within our fundraising landscape. Roles of event co-ordinator and trusts and foundations manager are now in place to increase our success in these areas, and the trustees along with the senior leadership are prepared to adapt delivery dependent on the funding secured.

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.

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.

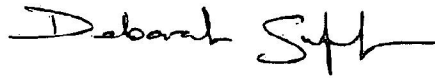
Trustees' report 31 March 2023

Trustees' Responsibilities Statement (continued)

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: Deborah Griffin

A handwritten signature in black ink, appearing to read 'Deborah Griffin', with a stylized, cursive script.

Approved by the trustees on 7 July 2023

Independent auditor's report Year to 31 March 2023

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 2023 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 2023 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.

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.

Independent auditor's report Year to 31 March 2023

Other information (continued)

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.

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.

Independent auditor's report Year to 31 March 2023

Responsibilities of trustees (continued)

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
- ◆ 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.

Independent auditor's report Year to 31 March 2023

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

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 2023

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.

Buzzacott LLP

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

Date: 16 August 2023

Statement of financial activities
(incorporating an Income and Expenditure Account) Year to 31 March 2023

	Notes	Un- restricted funds £	Restricted funds £	2023 Total funds £	Un- restricted funds £	Restricted funds £	2022 Total funds £
Income and expenditure							
Income from:							
Donations	1	511,069	—	511,069	372,171	8,326	380,497
Other trading activities	2	267,654	1,360	269,014	188,779	7,674	196,453
Charitable activities							
• Provision of training courses	3	397,907	601,598	999,505	461,957	514,951	976,908
Coronavirus Job Retention Scheme Grants	4	—	—	—	1,669	—	1,669
Interest receivable		143	—	143	—	—	—
Total income		1,176,773	602,958	1,779,731	1,024,576	530,951	1,555,527
Expenditure on:							
Raising funds	5	243,202	113	243,315	225,659	13,716	239,375
Charitable activities							
• Provision of training courses	6	984,402	610,875	1,595,277	776,933	521,883	1,298,816
Total expenditure		1,227,604	610,988	1,838,592	1,002,592	535,599	1,538,191
Net (expenditure) income		(50,831)	(8,030)	(58,861)	21,984	(4,648)	17,336
Transfers between funds	16	(350)	350	—	—	—	—
Net movement in funds for the year		(51,181)	(7,680)	(58,861)	21,984	(4,648)	17,336
Reconciliation of funds:							
Fund balances brought forward at 1 April 2022		171,389	12,247	183,636	149,405	16,895	166,300
Fund balances carried forward at 31 March 2023	16	120,208	4,567	124,775	171,389	12,247	183,636

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

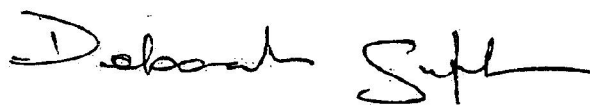
All recognised gains and losses are included in the above statement of financial activities.

Balance sheet 31 March 2023

	Notes	2023 £	2023 £	2022 £	2022 £
Fixed assets					
Tangible assets	13		903		—
Current assets					
Debtors	14	210,476		148,819	
Cash at bank and in hand		46,816		229,276	
		<u>257,292</u>		<u>378,095</u>	
Liabilities					
Creditors: amounts falling due within one year	15	(133,420)		(194,459)	
Net current assets			123,872		183,636
Total net assets			<u>124,775</u>		<u>183,636</u>
The funds of the charity:					
Unrestricted funds					
. General fund	16	120,208		171,389	
Restricted funds	16	4,567		12,247	
Total charity funds		<u>124,775</u>		<u>183,636</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: 7 July 2023

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 2023

	Notes	2023 £	2022 £
Cash flows from operating activities:			
Net cash (used in) operating activities	A	(181,165)	(91,913)
Cash flows from investing activities:			
Purchase of tangible fixed assets		(1,295)	—
Net cash used in investing activities		(1,295)	—
Change in cash and cash equivalents in the year		(182,460)	(91,913)
Cash and cash equivalents at 1 April 2022	B	229,276	321,189
Cash and cash equivalents at 31 March 2023	B	46,816	229,276

Notes to the statement of cash flows for the year to 31 March 2023.

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

	2023 £	2022 £
Net movement in funds (as per the statement of financial activities)	(58,861)	17,336
Adjustments for:		
Depreciation charge	392	940
(Increase) in debtors	(61,657)	(9,158)
(Decrease) increase in creditors	(61,039)	(101,031)
Net cash (used in) operating activities	(181,165)	(91,913)

B Analysis of changes in cash and cash equivalents

	As at 31 March 2022 £	Cash flows £	As at 31 March 2023 £
Cash at bank and in hand	229,276	(182,460)	46,816
Total cash and cash equivalents	229,276	(182,460)	46,816

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 2023

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 2023, with comparative information given in respect to the year ended 31 March 2022.

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 and the current cost of living crisis on how the charity will continue to operate to ensure long-term, sustainable delivery. While the charity has ended this financial year with a deficit, which can be attributed to a difficult fundraising landscape and increased costs, the trustees are confident in the charity's ability to continue to adapt to provide a much-needed service. This can be seen in the charity's updated fundraising strategy that includes the appointment of two new roles funded by the Fidelity Foundation - an Events Co-Ordinator and a Trusts and Foundations Manager. Together, with our Partnerships Executive, this will be the first time the charity has a fully-fledged fundraising team with specific roles that focus on fundraising events, grant income generation, and corporate partnerships. We are confident this shift in strategy to increase corporate partners within our schools' programme, plan our long-term events calendar with risk mitigations, and establish new multi-year grant funding will allow the charity to maintain a stable financial position and achieve our reserves target.

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. The trustees, along with the leadership team, also continue to develop alternative delivery models to ensure the charity can adapt no matter the current financial climate.

Principal accounting policies Year to 31 March 2023

Assessment of going concern (continued)

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.

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 2023

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. 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.

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

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

Principal accounting policies Year to 31 March 2023

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
Schools 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.

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 2023

1 Income from donations

	Unrestricted funds £	Restricted funds £	2023 Total funds £
Individuals	220,294	—	220,294
Corporate donations	190,295	—	190,295
Trusts and Foundations	5,000	—	5,000
Gifts in Kind	95,480	—	95,480
2023 Total funds	511,069	—	511,069

	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

2 Income from other trading activities

	Unrestricted funds £	Restricted funds £	2023 Total funds £
Income from fundraising events	267,654	1,360	269,014
2023 Total funds	267,654	1,360	269,014

	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

3 Income from charitable activities

	Unrestricted funds £	Restricted funds £	2023 Total funds £
Grant income	67,000	601,598	668,598
Fee income	330,907	—	330,907
2023 Total funds	397,907	601,598	999,505

Notes to the financial statements Year to 31 March 2023

3 Income from charitable activities (continued)

	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

Income from charitable activities includes £nil (2022 - £37,940) 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

5 Expenditure on raising funds

	Unrestricted funds £	Restricted funds £	2023 Total funds £
Fundraising staff costs (note 10)	104,362	—	104,362
Cost of fundraising events	78,138	113	78,251
Other fundraising costs	38,180	—	38,180
Support costs (note 7)	22,522	—	22,522
2023 Total funds	243,202	113	243,315

	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
Support costs (note 7)	27,225	112	27,337
2022 Total funds	225,659	13,716	239,375

6 Expenditure on charitable activities

	Unrestricted funds £	Restricted funds £	2023 Total funds £
Training courses	155,506	247,395	402,901
Course delivery staff costs (note 10)	591,192	330,754	921,946
Support costs (note 7)	237,704	32,726	270,430
2023 Total funds	984,402	610,875	1,595,277

Notes to the financial statements Year to 31 March 2023

6 Expenditure on charitable activities (continued)

	Unrestricted funds £	Restricted funds £	2022 Total funds £
Training courses	165,343	191,893	357,236
Course delivery staff costs (note 10)	328,880	304,214	633,094
Support costs (note 7)	282,710	25,776	308,486
2022 Total funds	776,933	521,883	1,298,816

7 Support costs

	Unrestricted funds £	Restricted funds £	2023 Total funds £
Office and rent costs	35,091	22,565	57,656
Communication costs	480	42	522
Accommodation, travel and subsistence costs	9,913	440	10,353
Staff expenses reimbursed	2,022	60	2,082
Insurance	4,607	—	4,607
Website and promotional material	22,522	—	22,522
Consultancy fees	49,389	—	49,389
Depreciation	392	—	392
Sundry expenses	10,076	229	10,305
Support staff costs (note 10)	95,216	—	95,216
Irrecoverable VAT	8,045	—	8,045
Governance costs (note 8)	22,473	9,390	31,863
	260,226	32,726	292,952

	Unrestricted funds £	Restricted funds £	2023 Total funds £
Analysis of support costs			
· Fundraising costs	22,552	—	22,552
· Charitable activities	237,704	32,726	270,430
	260,226	32,726	292,952

Notes to the financial statements Year to 31 March 2023

7 Support costs (continued)

	Unrestricted funds £	Restricted funds £	2022 Total funds £
Office and rent costs	52,746	12,099	68,845
Communication Cost	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

	Unrestricted funds £	Restricted funds £	2022 Total funds £
Analysis of support costs			
· Fundraising costs	27,225	112	27,337
· Charitable activities	282,710	25,776	308,486
	309,935	25,888	335,823

8 Governance costs

	Unrestricted funds £	Restricted funds £	2023 Total funds £
Accountancy and audit costs	19,750	—	19,750
Other professional fees	2,723	9,390	12,113
2023 Total funds	22,473	9,390	31,863

	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

Notes to the financial statements Year to 31 March 2023

9 Net (expenditure) income

This is stated after charging:

	2023 Total funds £	2022 Total funds £
Staff costs (note 10)	1,121,524	815,251
Depreciation of tangible fixed assets	392	940
Auditor's remuneration		
Statutory Audit	11,450	11,400

10 Staff costs

Staff costs were as follows:

	2023 £	2022 £
Wages and salaries	1,007,601	725,055
Social security costs	85,024	68,272
Pension costs	28,899	21,924
	1,121,524	815,251

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:

	2023 £	2022 £
Expenditure on raising funds	104,362	78,410
Course delivery	921,946	633,094
Support costs	95,216	103,747
	1,121,524	815,251

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

	2023 No.	2022 No.
Management	6	4
Operational	27	21
	33	25

One employee received remuneration between £70,000 and £80,000 in the year (2022 - one employee received remuneration between £60,000 and £70,000). Pension contributions of £2,121 (2022 - £2,020) 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 Manager. Total remuneration (including taxable benefits, employer's pension contributions and employers national insurance contributions) of the key management personnel for the year was £153,022 (2022 - £161,345).

Notes to the financial statements Year to 31 March 2023

11 Trustees' remuneration

No trustee received any remuneration for services or reimbursed expenses as a trustee in the current year (2022 - 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.

13 Tangible fixed assets

	Computer equipment £	Schools Equipment £	Total £
Cost			
At 1 April 2022	2,824	—	2,824
Additions	—	1,295	1,295
At 31 March 2023	2,824	1,295	4,119
Depreciation			
At 1 April 2022	2,824	—	2,824
Charge for the year	—	392	392
At 31 March 2023	2,824	392	3,216
Net book value			
At 31 March 2023	—	903	903
At 31 March 2022	—	—	—

14 Debtors

	2023 £	2022 £
Trade debtors	201,994	132,202
Prepayments and accrued income	8,457	15,256
Other debtors	25	1,361
	210,476	148,819

15 Creditors: amounts falling due within one year

	2023 £	2022 £
Trade creditors	40,510	41,477
Other taxation and social security	25,063	19,890
VAT	10,412	5,211
Other creditors	7,440	5,791
Accruals and deferred income	49,995	122,090
	133,420	194,459

Notes to the financial statements Year to 31 March 2023

15 Creditors: amounts falling due within one year (continued)

	2023 £	2022 £
Deferred income brought forward at 1 April 2022	102,547	208,290
Income deferred in year	25,000	102,547
Deferred income released in year	(102,547)	(208,290)
Carried forward at 31 March 2023	25,000	102,547

Deferred income relates to income received in 2023 for use by the charity in 2024, as specified by the donors.

16 Statement of funds

	At 1 April 2022 £	Income £	Expenditure £	Transfers £	At 31 March 2023 £
Unrestricted funds	171,389	1,176,773	(1,227,604)	(350)	120,208
Restricted funds					
Charles Hayward	1,188	25,000	(25,392)	—	796
Comic Relief	3,917	190,061	(191,478)	—	2,500
Fife Mental Health Fund	—	18,669	(18,669)	—	—
Gosling Foundation Restricted	—	10,000	(10,000)	—	—
Improving Lives Glasgow Restricted	—	91,548	(91,548)	—	—
John Lyon's Charity	1,667	25,020	(26,687)	—	—
KPE4 Trust	—	59,300	(58,524)	—	776
Laureus Sport for Good	—	20,000	(20,000)	—	—
National Lottery Community Fund Restricted	—	10,000	(10,000)	—	—
Paul Hamlyn Foundation	—	33,000	(32,964)	—	36
Quilter Foundation	—	45,000	(44,598)	—	402
Riverside Resource Community Fund	2,414	—	(2,414)	—	—
Tabard RFC	541	1,360	(1,901)	—	—
Walcot Foundation	—	65,000	(64,995)	—	5
Wates Foundation	2,520	9,000	(11,468)	—	52
Young Londoners	—	—	(350)	350	—
	12,247	602,958	(610,484)	350	4,567
Total funds	183,636	1,779,730	(1,838,038)	—	124,775

Notes to the financial statements Year to 31 March 2023

16 Statement of funds (continued)

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

Restricted Funds

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. We have also received extension funding for to deliver 4 more courses from April 2023.

Fife Mental Health Fund

Fife Voluntary Action have given us funding for a Scotland Adults course which started in April 2022.

16 Statement of funds (continued)

Gosling Foundation

The Gosling Foundation has given us a grant for our England Schools programme at Bacon's College.

The National Lottery-Improving Lives

The National Lottery has given us multi-year grant funding to deliver 6 courses over 2 years in Glasgow, working with unemployed adults with a focus on Roma community and refugee/asylum seekers, breaking down barriers between them and local 'settled' population.

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 our Scotland Schools programme in Broughton and Craigroyston schools.

Laureus Sport for Good

Laureus Sport for Good continued to support our SOHK for Schools programme across all three regions.

National Lottery Community Fund

The National Lottery gave us match funding to support our adult work in Edinburgh.

Paul Hamlyn Foundation

The Paul Hamlyn Foundation provided a grant to support our INC project to develop a good practice guide on how to improve the experiences of trans, non-binary and gender exploring young people in Wales.

Quilter Foundation

The Quilter Foundation has provided a grant for three years starting in 2020 to fund two England adult courses per year, which has been postponed and deferred into the new financial year. We have also received continuation funding to continue to deliver our adult courses at Black Prince Trust.

Riverside Resource Community Fund

Riverside Resource Community Fund have given us grant funding for our work with Bacon's College.

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 deliver our England Adult courses in London.

Notes to the financial statements Year to 31 March 2023

16 Statement of funds (continued)

William Wates

William Wates Memorial Trust have given us multi-year grant funding 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.

17 Analysis of net assets between funds

	Unrestricted funds £	Restricted funds £	2023 Total funds £
Tangible fixed assets	903	—	903
Current assets	227,725	29,567	257,292
Creditors due within one year	(108,420)	(25,000)	(133,420)
	<u>120,208</u>	<u>4,567</u>	<u>124,775</u>
	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>

18 Related party transactions

During the year the charity received donations of £1,566 (2022 - £1,791) from the trustees. The charity also received donations of £14,210 (2022 - £5,550) from Millbank LLP of which James Cameron is a Partner, and £12,800 from Alderson Francis Associates Ltd of which Michael Francis is a partner. The charity also received donations in kind in the form of donated auction prizes with a value of approximately £32,286 (2022 - £23,500) from the trustees.

In addition, the charity received pro bono services of £49,389 (2022 - £68,642) from Millbank LLP, a law firm of which James Cameron is a partner.

19 Commitments under operating leases

At 31 March 2023, the total of the charity's future minimum lease payments under non-cancellable operating leases was as follows:

	2023 £	2022 £
Amounts due within one year	2,280	13,568
Amounts due between two and five years inclusive	2,470	38,614
	<u>4,740</u>	<u>52,182</u>