

Company number: 2050044
Charity Commission number: 295192
OSCR number: SC049476

Vocational Training Charitable Trust

Report and financial statements
for the year ended 31 July 2021

Vocational Training Charitable Trust

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Vocational Training Charitable Trust

Reference and administrative information

For the year ended 31 July 2021

Company number 2050044
Country of incorporation United Kingdom

Charity number 295192
Country of registration England & Wales

Charity number SC049476
Country of registration Scotland

Registered office
and operational address Aspire House
Annealing Close
Eastleigh
Hampshire
SO50 9PX

Trustees Trustees, who are also directors under company law, who served during the year and up to the date of this report were as follows:

Jennifer Swarder	Appointed as Chair (from 03/12/2020)
Isabel Sutcliffe	Appointed as Vice Chair (from 03/12/2020)
Julian Glicher	Vice Chair (to 03/12/2020)
Andrew Mondon	Appointed 23/05/2021
Barbara Mitchell	
Jayne Lewis-Orr	
Katherine Quinn	Appointed 01/06/2021
Lesley Shepperson	Appointed 21/05/2021
Meri Huws	
Stephanie Barnett	
Stephanie Richardson	
Stephen Dennison	
Dr Christopher Laws	Resigned as Chair and Trustee on 03/12/2020

Key management personnel	Alan Woods OBE	Chief Executive
	Ashley Barnes	Deputy Chief Executive
	Janet Field	Chief Financial Officer (appointed 01/03/2021)
	Marcus Bull	Chief Commercial Officer (resigned 15/10/2021)
	Carina Fagan	Chief Academic Officer

Vocational Training Charitable Trust

Reference and administrative information

For the year ended 31 July 2021

Bankers	NatWest Bank Plc 34 Southampton Road Eastleigh Hampshire SO50 9XN
Solicitors	Blake Morgan LLP New Kings Court Tollgate Chandler's Ford Eastleigh SO53 3LG
Auditor	Sayer Vincent LLP Chartered Accountants and Statutory Auditor Invicta House 108-114 Golden Lane LONDON EC1Y 0TL
Investment manager	Smith & Williamson Investment Management Limited 25 Moorgate London EC2R 6AY
Business and financial advisors	Grant Thornton UK LLP No 1 Dorset Street Southampton Hampshire SO15 2DP

The trustees present their report and the audited financial statements for the year ended 31 July 2021.

This last year (2020/21) was an extremely challenging year for the education and skills sector with the coronavirus (COVID-19) pandemic continuing to impact the sector. Specifically, extraordinary measures were implemented by the qualification regulators throughout the UK and other agencies across the sector. We also implemented an organisational restructure of VTCT, to align with our coronavirus recovery strategy.

Despite these challenges we effectively and efficiently navigated the business, continuing to deliver our charitable purpose. Our continuing ability to provide support and services to all customers was only made possible by our talented, motivated, and dedicated workforce. The trustees would like to thank the whole of the VTCT team and other colleagues who support the organisation, as well as all centre staff for their continued support, professionalism, and commitment in what has been another challenging year. As designated key workers, they should be proud of their continuing efforts to support providers and learners.

The support that VTCT has been able to give to beneficiaries has only been possible because of the dedication and sheer hard work of everyone involved. We very much look forward to next year and the implementation of the new 2021–26 corporate strategy 'Leading. Growing. Supporting', which has been developed with our staff. This strategy will ensure we continue to support centres to recover from the impact of the coronavirus, ensuring learners continue to receive an outstanding experience, while pursuing a range of exciting growth initiatives through the delivery of our core activities of awarding, assessment, accreditation, research, and digital education. This growth of the organisation is significantly aided by VTCT being successful in its partnership bid with the Awarding Organisation NCFE to Department for Education, to design and deliver the new government T-Level in Hairdressing and Beauty Therapy for delivery from 2023.

Reference and administrative information set out on pages 1 and 2 form part of this report. The financial statements comply with current statutory requirements, the articles of association and the Statement of Recommended Practice – Accounting and Reporting by Charities: SORP applicable to charities preparing their accounts in accordance with FRS 102. This trustees' annual report includes a directors' report as required by company law."

Objectives and activities

Purposes and aims

VTCT is the UK's leading specialist technical and professional awarding organisation and examination/ apprenticeship assessment board for the hairdressing and beauty therapy sector. It also has a growing presence in other sectors, including sport, leisure and fitness, aesthetics and learning and development. VTCT operates within all these sectors in over fifty countries worldwide.

Trustees' annual report

For the year ended 31 July 2021

The charity's objects, being for the public benefit throughout the United Kingdom and Internationally, are the advancement of education by:

- a. assessment of education and skills for accreditation
- b. setting standards of education and skills as an awarding and assessment organisation
- c. the promotion of skills and knowledge for vocational and technical employment
- d. advancing digital research and other educational techniques

The strategies employed to achieve the charity's aims and objectives are:

- 1) Supporting recovery: Embracing digital, advanced analytics incorporating large data sets and relationship marketing to develop credible insight into customer need, building loyalty and supporting centre growth and learner achievement.
- 2) Driving growth: Co-creating new products and services with customers and key stakeholders, whilst also strengthening our position in hairdressing and barbering.
- 3) Leading Technical Education: Inclusively innovating and leading technical education in the hair, beauty, and aesthetics sector, engaging more centres and learners through high-stakes qualifications.

The trustees review the aims, objectives and activities of the charity each year. This report looks at what the charity has achieved and the outcomes of its work in the reporting period. The trustees report the success of each key activity and the benefits the charity has brought to those groups of people that it is set up to support and achieve their qualification ambition. The review also helps the trustees ensure the charity's aims, objectives and activities remained focused on its stated purposes.

The trustees have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the charity's aims and objectives and in planning its future activities. In particular, the trustees consider how planned activities will contribute to the aims and objectives that have been set.

Strategic report

Achievements and performance

The charity's main activities and whom it seeks to support are described below. All of its charitable activities focus on providing learners with the skills and qualifications necessary to obtain employment or to become self-employed; or to enable learners to add to their skills and knowledge, thereby improving their career prospects or progression to a higher level of education. All charitable activities are undertaken to further VTCT's purpose of advancing education for public benefit.

The trustees consider a variety of key performance indicators and targets when considering how the organisation has performed, including the number of new learners and newly approved and

Trustees' annual report

For the year ended 31 July 2021

active centres. In 2020/21 learner registrations increased significantly to 166,796 (2019/20: 92,239). This increase should be noted with caution given the detrimental impact of the coronavirus on 2019/20 learner registrations. However, this is still a significant increase versus the 111,014 learner registrations seen in 2018/19. VTCT continues to be the largest market share holder of the hair and beauty awarding market, increasing to 58.5% in 2021 (2019/20: 54.5%).

The trustees review the ongoing regulatory status of VTCT with qualification regulators and compliance against regulatory conditions and principles. VTCT is audited by Ofqual and other regulators and self-assesses against Ofqual's "General Conditions of Recognition," the Vocational and Technical Qualification (VTQ) Contingency Regulatory Framework and other regulatory principles and documents from other UK regulators. The trustees consider the various regulators' audit findings as positive and demonstrate the ongoing success and compliance of VTCT.

The 2020/21 academic year was the second successive year to be impacted by the coronavirus, given global and regional 'lockdowns', closure of education and training providers and businesses, ongoing restrictions related to social distancing and other public health measures. VTCT was supported by Ofqual and other regulators during this period in the implementation of a range of risk mitigation strategies to ensure the reliable, accurate and timely award of qualification results to enable learners to progress to the next stage of their learning journey. These strategies included awarding qualifications based on Teacher Assessed Grades and previously Centre Assessed Grades which were quality assured by VTCT, as well as adapted assessments. These adaptations were permitted under the Vocational Contingency Regulatory Framework (VCRF) published by Ofqual and approved by CCEA Regulation, Scottish Qualifications Authority and Qualifications Wales.

VTCT continues to contribute to policy implementation groups set up by Ofqual, including the Vocational and Technical Qualifications Oversight Board which consists of senior representatives from Ofqual and regulators in Wales, Northern Ireland and Scotland, the Department for Education, the Federation of Awarding Bodies (FAB), Joint Council for Qualifications and a small selection of awarding organisations.

The Apprenticeship End Point Assessment (EPA) activity was once again interrupted by lockdown restrictions and sector closures over the last year. VTCT worked with colleagues at the Institute for Apprenticeships and Technical Education and the regulator Ofqual, to agree COVID-19 flexibilities and dispensations for apprentices affected by pandemic disruption to their learning and assessment plans. Despite the disruption, most apprentices were able to complete their apprenticeships as planned. VTCT continues to seek additional approvals from the Education and Skills Funding Agency to offer EPA services for additional standards. These additional apprenticeship standards, including those in Hairdressing, will allow VTCT to support and assess apprentices to develop a repertoire of skills to enable them to gain valuable employment.

Technical education reforms continue in England, and in particular the awarding of exclusive sector licences to deliver T-Level qualifications in Further Education. VTCT partnered with NCFE, a large, general awarding organisation based in Newcastle to collaboratively produce a bid for the

Trustees' annual report

For the year ended 31 July 2021

Hairdressing and Beauty Therapy contract. We were informed in September 2021 that we had been successful in our joint bid with NCFE. VTCT will develop the technical content of the qualification ready for delivery in colleges and schools from September 2023.

VTCT continued its focus on the continual improvement of the quality of its provision and maintained its external accreditations (ISO27001 Information Security; ISO9001 Quality Management; Cyber Security Essentials Plus) while also achieving the Investors in People Silver Award. These accreditations will ensure VTCT continues to maintain the high quality of its provision, whilst safeguarding the charity's information assets. The Investor in People Award continues our strong desire to invest in our staff and this has been further developed over the past year with a new Learning and Development Manager position, Employee Engagement Manager and a renewed focus on equality, diversity, and inclusion. Over the next year, VTCT is planning a major upgrade of its CRM platform, in addition to streamlining and, where possible automating, many of the business processes concerned with customer on-boarding and retention. There are also plans to embrace big-data more extensively to better understand our customers' needs and to inform decision making, specifically those related to the development of new products and services. VTCT continues to enhance the quality of its data, enabling better decision making and tailored marketing campaigns, focusing specifically on customer needs and benefits sought.

VTCT now has staff working internationally in both business development and quality assurance roles in Australia, Africa, South-East Asia and Hong Kong, and continues to support its centres in South Africa through its office and staff in Johannesburg. The office in Ireland services not only Irish centres who deliver our qualifications, but also acts as our European hub.

The VTCT Skills Advisory Board (SAB) is a VTCT sponsored advisory panel that brings together the industry leaders and employers with our sector awarding teams. The SAB helps VTCT to better understand the current and future skills needs, and to shape, review and design our qualifications. This direct industry expert advice enables VTCT to ensure that our vocational and technical qualifications align with current employment opportunities and employer needs. The VTCT SAB strengthens the partnership that VTCT has directly with employers, as the market leading awarding and assessment organisation in the sector. We are seeking to extend this approach to include an array of consortia, which cover each of our major consumer segments to drive intelligence and inform our approach.

Beneficiaries of our services

We consider the beneficiaries of our services to be the learners undertaking study or apprenticeships with our approved training providers, which includes, schools, further education colleges and private training providers. We measure the benefit provided through both the number of learners on active programmes and the number achieving a regulated qualification. During the year, 70,395 (2020: 44,489) learners were awarded with a regulated VTCT qualification and 22,089 (2020: 13,055) learners were awarded a regulated iTEC qualification, which are our primary, but not exclusive, international branded qualifications.

Financial review

The trustees are pleased with the outturn for the financial year given the continuation of the difficult circumstances faced in the period under review. While a surplus of £2.183m (2020: deficit £2.755m) is reported, this is after accounting for the amortisation of historic acquisitions (£403k annual impairment). The total reserves of the Group are £16.9m, (2020: £14.7m) with free reserves within the range specified within the charity's reserves policy.

Total operating income exceeded previous year by £1.295m which was a result of centres starting to recover from the effects of the pandemic and new income generated from the infection control qualifications. These were developed in response to the pandemic and deemed essential to enable centres and salons to maintain the necessary protocols to carry on teaching. VTCT also benefited from a government grant of £188k under the Coronavirus Job Retention Scheme.

Qualification and Assessment income for the year was up on previous year by 18% to £8.439m and Apprenticeship End Point Assessment income increased by 22% to £327k, despite the effects of the lockdown periods. The trustees consider this is an excellent result given the challenges faced.

Operational expenditure fell by 6% to £7.796m (2020: £8.291m). This was due to the regional travel restrictions preventing centre visits and planned marketing events being cancelled due to the pandemic, and also to the benefit of the grant referred to above.

The second year of our bursary scheme has been well received by centres. The bursaries are being used to enhance the learners' journey in many different ways from paying for guest speakers to come into the centres conducting master classes to paying for student kits. We are seeing more students struggling financially after the pandemic and the programme has given them the opportunity to follow in their chosen career without the challenge of the financial burden. The grants and bursary programme also allows the charity to promote its products and services to a wider group of centres and learners. Due to the success of the scheme VTCT have doubled the contribution under the scheme to £150,000 in 2021/22.

Income from investments fell by 7% to £175k but the value of the investment portfolio increased. Investment funds are held under discretionary management with a total return mandate, as detailed below.

The investment portfolio increased in value recovering the losses sustained in the previous year, with net gains in the year of £1.342m. The trustees highlight that the expenditure during the year includes amortisation of £403k for the historic acquisition of iTEC, which was a non-cash transaction. Net cash provided by operating activities was £2.218m (2020: £281k) and the net cash increase after managed fund investment activities in the year was £2.395m (2020: £339k) with a closing cash balance of £4.1m. This included a £1m coronavirus business interruption loan (CBILS) received from NatWest Bank in September 2020. This has subsequently been repaid in August 2021.

Despite another challenging year VTCT remains in a strong position with continued investment in the charity to improve the quality and range of education provision and benefit to learners.

Investment policy and objectives

VTCT operates a total return approach to its investment portfolios. Under the articles of association, the Charity has the power to invest monies not immediately required for the furtherance of its objects in or upon such investments as may be thought fit. The trustees delegate the investment management to external investment managers (Smith & Williamson Investment Management), whose performance is monitored by the Board of Trustees and the Finance and Audit Committee.

Portfolio performance is measured against the performance of the WMA Balanced (TR) Index (formally APCIMS) and the FTSE 100. The target return set for the investment portfolio was a total return of CPI + 1.5%. Year on year CPI at July 2021 was 0.7% leading to a total return target of 2.2% for the year. Due to the recovery of the effects of the coronavirus, performance was significantly up with a positive return of 6% over the year.

The minimal investment (£11k) held in the COIF Property Fund was liquidated in full and funds transferred to the bank.

Following a review last year of the investment portfolio and the charity's approach to asset risk, the trustees have amended the mandate for the SWIM investment portfolio from a Balanced Approach to a Conservative Approach. The trustees anticipate that this will reduce the level of volatility exposure within the portfolio by a reduced investment in equities.

Principal risks and uncertainties

VTCT will continue to respond to the government's programme of education and skills agenda, specifically, technical and professional education reform. In parallel, VTCT will continue to support centres throughout this unprecedented and uncertain period given the impact of the coronavirus pandemic.

VTCT's principle risks are captured on the Corporate Risk Register and updated and regularly reviewed by the Finance and Audit Committee. They are risk rated and mitigations put in place where possible.

T (Technical) Levels

In September 2021, the Institute for Apprenticeships and Technical Education (IfATE) awarded the contract for the T Level in Hairdressing and Beauty Therapy. As the lead AO and market share holder of the UK qualifications we are delighted in the success of our bid, in partnership with the educational charity NCFE, who were awarded the contract to deliver the T Level in this pathway. The public sector, in particular Further Education colleges, contribute significantly to VTCT's overall income and it is vital that this revenue stream is maintained for the foreseeable future with the award of this contract. It is imperative that all milestones set by IfATE are met to enable delivery of the qualification in 2023. We have taken steps to ensure we have the resources to mitigate the risk of not meeting our obligations under our partnership.

Whilst the Further Education sector is a significant contributor to VTCT's income, the UK and global private segments are also important markets for VTCT and will continue to be supported with a strong focus on customer service, with specific market segments targeted to contribute to overall growth.

Coronavirus pandemic

The coronavirus pandemic continues to challenge the global economy on an unprecedented scale. More specifically, the impact and disruption on the education and skills sector has been significant. Despite this impact, there is a feeling that the sector is now in a period of recovery and is returning to some sort of normality, which is the result of a widespread vaccination programme in the UK. Schools and colleges in general, have resumed, many of which continue to observe social distancing measures and/or require students to wear masks. Perhaps the biggest shift concerns qualification delivery whereby many colleges and training providers are now delivering blended learning programmes using technology. This mass migration towards embracing digital is now becoming commonplace and more natural to providers who were initially forced to change their delivery models at speed. Providers continue to develop and improve these solutions to ensure learners receive a high-quality learning experience. The move to on-line teaching has been a significant challenge to vocational learning and one in which our relationship with our on-line learning platform partner Pivot Point has been key to our organisational success.

Notwithstanding the ongoing risk of further national and regional lockdowns, the future impact of the coronavirus now appears to be lower and more manageable based on the lessons learned over the last 18 months. However, VTCT continues to maintain sufficient resources to support and protect learners. It also has sufficient reserves and liquidity in excess to what might be required to manage this risk. But challenges remain for the near future because of the pandemic.

VTCT has developed a range of digital products and platforms, such as Pivot Point to support its customers through this challenging period. However, given the technical nature of many personal services qualifications, where human contact is a necessity, face-to-face assessments remain a formal requirement.

Impact of changes in Government policy

VTCT continues to monitor changes in Government policy and spending as many VTCT centres draw funding from public funds and there is a risk that change in policy could have an adverse effect on income.

Reserves policy and going concern

On 31 July 2021 the Charity and the Group had reserves totalling £17.4m (2020: £15.2m) and £16.9m (2020: £14.7m), respectively. Free reserves for the Charity and the Group totalled £13.6m (2020: £10.6m) and £14.1m (2020: £11m) respectively. There were no Reserves held in restricted funds (2020: £13k). The trustees consider the level of reserves to be appropriate to support the ongoing activities of the Charity.

The VTCT Reserves Policy targets a free reserves range of £9.1m to £16.6m. The reserves range is calculated to enable the charity to mitigate the financial impact of a significant disruption to charitable activities and to allow the trustees to ensure funds are available for current commitments and obligations. The trustees are pleased to report that the reserves level continues to sit within the ranges set out in the policy.

Furthermore, the trustees acknowledge that VTCT has an indirect reliance on public funding as Further Education colleges and private training providers are funded by government and associated bodies. VTCT's income is thus partially reliant on this funding, which exposes the charity to government policy changes and any government spending changes. Ensuring reserves are maintained in line with the reserves policy enables VTCT to continue to diversify its income sources through increasing private training provision, higher-level qualification development, apprenticeship assessment and international activity, both through organic growth as well as through partnership / joint venturing and acquisition. The trustees confirm that they conclude VTCT is a going concern as appropriate for the 2020/21 statutory accounts.

Plans for the future

Our new vision and strategy entitled, 'Leading. Growing. Supporting', focuses on building on our core purpose of advancing education, providing a direct line of sight to a job to more learners, and improving career prospects. We are acutely aware that the coronavirus will continue to threaten education and skills and, specifically, our core sector areas of hair, beauty, aesthetics, and sport – as they are often the first industries required to lockdown and amongst the very last to open.

The need for us to continue to support our learners, apprentices and centres in this initial post-pandemic recovery phase is the most significant thread of our actions. While delivering this support to the best of our ability, we are also navigating various external factors, including political reform and increasing challenges from new competitors and alternative provision. In response to these challenges, we will extend our reach to new learners by diversifying our current apprenticeship offer, championing higher-level qualifications and supporting a range of other

exciting initiatives.

Over the course of the next year VTCT will continue to support centres to recover from the impact of the coronavirus. In parallel, the company is working in partnership with a range of stakeholders to develop a range of new products and services while building stronger relationships as the business focusses on providing a best-in-class customer service; listening, supporting and responding to customer needs and demands.

Specifically, VTCT will work towards the following strategic pillars:

Supporting recovery: Embracing digital, big-data and relationship marketing to develop credible insight into customer need, building loyalty and supporting centre growth and learner achievement.

Driving Growth: Co-creating new products and service with customers and key stakeholders and strengthening our position in hairdressing and barbering.

Leading technical education: Inclusively innovating and leading technical education in the hair, beauty and aesthetics sector, engaging more centres and learners through high-stakes qualifications.

Structure, governance and management

The charity is committed to a continuous programme of governance review and improvement. The trustee board has reviewed the Charity Governance Code for Large Charities and how it applies to VTCT. The trustees have formally adopted the Code and, for each of the seven principles, to apply the Code and ensure that VTCT policies are updated to reflect current practice.

VTCT is a company limited by guarantee, incorporated in 1986 under the Companies Act 1985, and registered under the Charities Act 2011 on 30 September 1986.

VTCT registered with the Office of the Scottish Charity Regulator, on 25 July 2019.

The company's Articles of Association were updated on 13 July 2020.

All trustees give their time voluntarily and, save as disclosed below, receive no benefits from the charity. Any expenses reclaimed from the charity are set out in note 6 to the accounts.

Appointment of trustees

The number of trustees is not limited by the charity's Articles of Association. However, the level of reform taking place in the educational sector together with the growing complexity of VTCT as an organisation means the trustees consider the optimum number of trustees to be up to fifteen, to reflect the skill sets required by trustees based on an annual skills assessment of the Board.

Trustees' annual report

For the year ended 31 July 2021

In line with good practice the charity will continue to seek and appoint trustees with appropriate skills for strong governance. New trustees are sought by advertising and by more informed methods of search; promising candidates are interviewed by trustees and briefed by senior staff.

Trustee induction and training

New trustees undergo an induction period to brief them on their obligations under charity and company law, the content of the Articles of Association, the committee structure and decision-making process, the operational strategy, current issues and recent financial performance of the charity. During the induction they meet key employees and other trustees. Trustees attend board workshops and appropriate external training events where these will facilitate the undertaking of their role. Examples of these include investment management and governance.

Trustees and Governance

Under the terms of the articles, Trustees may be appointed for a maximum of three three-year terms. This period of service as Trustee may be extended upon appointment as Chair.

Jenny Swarder was appointed Chair of VTCT in December 2020 and brings with her 8 years of service as Trustee of VTCT, as well as considerable experience in the commercial and retail sectors in her earlier career. We welcome Jenny's appointment as Chair and Isabel Sutcliffe's appointment as Vice Chair. We also welcome the appointment of Katherine Quinn, Andrew Mondon and Lesley Shepperson to the trustee board.

Following Jenny's appointment as Chair, the trustees have now reviewed the trustee governance of VTCT and have established the following committees to strengthen VTCT governance and trustee oversight:

Remuneration Committee:	Chair – Jayne Lewis–Orr
Regulatory Committee:	Chair – Isabel Sutcliffe
Finance and Audit Committee:	Chair – Julian Glicher

During the period under review, Dr Chris Laws resigned as Chair and Trustee, and we thank him for his valuable contributions.

Related parties and relationships with other organisations

VTCT has five wholly owned subsidiaries:

- 1) Action for Lifelong Learning Ltd (Dormant)
- 2) Vocational Awards International Ltd (Dormant)
- 3) Digital Assess Software Ltd, trading as Digital Assess (Dormant)
- 4) Education & Media Services Ltd (Active), trading as iTEC
- 5) Guild Of Hair, Beauty And Wellbeing Professionals Ltd (Dormant)

Trustees' annual report

For the year ended 31 July 2021

During the year the VTCT engaged with Pure HR, a company owned by trustee Stephanie Barnett, to provide HR consultancy. The Charity has paid £5,875 (2020: £4,291) for the HR consultancy service.

The share capital of Education & Media Services Ltd was acquired on 8 November 2016. Any transactions and management charges between VTCT and Education & Media Services Ltd are supported by a Shared Services Agreement and are on an arm's length basis.

Remuneration policy for key management personnel

Key management personnel are remunerated based on an assessment of market rates applicable for the role. Salary benchmarking is undertaken using the Korn Ferry Hay salary data sets and all key staff have had their roles independently reviewed by Korn Ferry Hay and are remunerated within the banded scales.

Fundraising compliance

Under the fundraising reporting requirements for The Charities (Protection and Social Investment) Act 2016 the Charity confirms that it does not engage in public fundraising and does not use professional fundraisers or commercial participators. The Charity has not received any complaints relating to the Act during the year.

Statement of responsibilities of the trustees

The trustees (who are also directors of Vocational Training Charitable Trust for the purposes of company law) are responsible for preparing the trustees' annual report, including the strategic 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 that give a true and fair view of the state of affairs of the charitable company and group and of the incoming resources and application of resources, including the income and expenditure, of the charitable company or group for that period. In preparing these financial statements, the trustees are required to:

- Select suitable accounting policies and then apply them consistently
- Observe the methods and principles in the Charities SORP
- Make judgements and estimates that are reasonable and prudent
- State whether applicable UK Accounting Standards and statements of recommended practice 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 charity will continue in operation

Vocational Training Charitable Trust

Trustees' annual report

For the year ended 31 July 2021

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

In so far as the trustees are aware:

- There is no relevant audit information of which the charitable company's auditor is unaware
- The trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

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

Members of the charity guarantee to contribute an amount not exceeding £10 to the assets of the charity in the event of winding up. The total number of such guarantees at 31 July 2021 was 13 (2020: 13). The trustees are members of the charity but this entitles them only to voting rights. The trustees have no beneficial interest in the charity.

Auditor

Sayer Vincent LLP was re-appointed as the charitable company's auditor during the year and has expressed its willingness to continue in that capacity.

The trustees' annual report has been approved by the trustees on 2 December 2021 and signed on their behalf by

Jenny Sworder
Chair

Independent auditor's report

To the members of

Vocational Training Charitable Trust

Opinion

We have audited the financial statements of Vocational Training Charitable Trust (the 'parent charitable company') and its subsidiary (the 'group') for the year ended 31 July 2021 which comprise the consolidated statement of financial activities, the group and parent charitable company balance sheets, the consolidated statement of cash flows and the notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- Give a true and fair view of the state of the group's and of the parent charitable company's affairs as at 31 July 2021 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- Have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulation 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 group 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 Vocational Training Charitable Trust'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 other information comprises the information included in the trustees' annual report, including the strategic report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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' annual report, including the strategic report, the financial year for which the financial statements are prepared is consistent with the financial statements
- The trustees' annual report, including the strategic report, has been prepared in accordance with applicable legal requirements

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and Charities Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

- Adequate accounting records have not been kept by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- The parent charitable company financial statements are not in agreement with the accounting records and returns; or
- Certain disclosures of trustees' remuneration specified by law are not made; or
- We have not received all the information and explanations we require for our audit.

Responsibilities of trustees

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

In preparing the financial statements, the trustees are responsible for assessing the group's and the parent charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the group or the parent charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with regulations made under those Acts.

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 are set out below.

Independent auditor's report

To the members of

Vocational Training Charitable Trust

Capability of the audit in detecting irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- We enquired of management, which included obtaining and reviewing supporting documentation, concerning the group's policies and procedures relating to:
 - Identifying, evaluating, and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - Detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected, or alleged fraud;
 - The internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- We inspected the minutes of meetings of those charged with governance.
- We obtained an understanding of the legal and regulatory framework that the group operates in, focusing on those laws and regulations that had a material effect on the financial statements or that had a fundamental effect on the operations of the group from our professional and sector experience.
- We communicated applicable laws and regulations throughout the audit team and remained alert to any indications of non-compliance throughout the audit.
- We reviewed any reports made to regulators.
- We reviewed the financial statement disclosures and tested these to supporting documentation to assess compliance with applicable laws and regulations.
- We performed analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments, assessed whether the judgements made in making accounting estimates are indicative of a potential bias and tested significant transactions that are unusual or those outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities is available 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

To the members of

Vocational Training Charitable Trust

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 section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005. 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.

Judith Miller (Senior statutory auditor)

8 February 2022

for and on behalf of Sayer Vincent LLP, Statutory Auditor
Invicta House, 108-114 Golden Lane, LONDON, EC1Y 0TL

Sayer Vincent LLP is eligible to act as auditor in terms of section 1212 of the Companies Act 2006

Vocational Training Charitable Trust

Consolidated statement of financial activities (incorporating an income and expenditure account)

For the year ended 31 July 2021

	Note	Unrestricted £	Restricted £	2021 Total £	Unrestricted £	Restricted £	2020 Total £
Income from:							
Donations and grant Income	2	–	188,288	188,288	–	565,129	565,129
Charitable activities							
Qualification and assessment income	3	9,243,083	–	9,243,083	7,895,250	–	7,895,250
and other educational income	4	174,846	–	174,846	188,601	–	188,601
Investments							
Total income		9,417,929	188,288	9,606,217	8,083,851	565,129	8,648,980
Expenditure on:							
Charitable activities							
Qualification and assessment costs	5	8,506,416	201,376	8,707,792	10,310,697	552,041	10,862,738
Investment managers' fees		57,899	–	57,899	52,978	–	52,978
Total expenditure		8,564,315	201,376	8,765,691	10,363,675	552,041	10,915,716
Net expenditure before net gains on investments	6	853,614	(13,088)	840,526	(2,279,824)	13,088	(2,266,736)
Net gains/(losses) on investments		1,342,383	–	1,342,383	(487,838)	–	(487,838)
Net income for the year and net movement in funds		2,195,997	(13,088)	2,182,909	(2,767,662)	13,088	(2,754,574)
Reconciliation of funds:							
Total funds brought forward		14,661,534	13,088	14,674,622	17,429,196	–	17,429,196
Total funds carried forward		16,857,531	–	16,857,531	14,661,534	13,088	14,674,622

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above. Movements in funds are disclosed in note 20 to the financial statements.

Vocational Training Charitable Trust

Balance sheets

Company no. 2050044

As at 31 July 2021

	Note	The group 2021 £	2020 £	The charity 2021 £	2020 £
Fixed assets:					
Tangible assets	11	2,535,044	2,658,367	2,532,493	2,653,397
Intangible assets including goodwill	12	227,614	965,688	227,614	563,102
Investments	13	10,588,230	9,316,398	10,588,230	9,316,398
Investment in subsidiaries	14	–	–	1,019,509	1,422,095
		13,350,888	12,940,453	14,367,846	13,954,992
Current assets:					
Debtors	16	1,358,610	781,581	1,249,267	763,139
Cash at bank and in hand		4,103,590	1,708,871	3,680,928	1,119,229
		5,462,200	2,490,452	4,930,195	1,882,368
Liabilities:					
Creditors: amounts falling due within one year	17	(1,955,557)	(756,283)	(1,854,341)	(630,652)
Net current assets		3,506,643	1,734,169	3,075,854	1,251,716
Total net assets		16,857,531	14,674,622	17,443,700	15,206,708
Funds:	19				
Restricted income funds		–	13,088	–	13,088
Unrestricted income funds:					
General funds		16,857,531	14,661,534	17,443,700	15,193,620
Total unrestricted funds		16,857,531	14,661,534	17,443,700	15,193,620
Total funds		16,857,531	14,674,622	17,443,700	15,206,708

Approved by the trustees on 2 December 2021 and signed on their behalf by

Jenny Swarder
Chairman

Vocational Training Charitable Trust

Consolidated statement of cash flows

For the year ended 31 July 2021

Reconciliation of net expenditure to net cash flow from operating activities

	2021 £	2020 £
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	2,182,909	(2,754,574)
Depreciation charges	155,376	167,651
Amortisation charges	775,338	2,063,102
Gains on investments	(1,342,383)	487,838
Dividends and interest from investments	(174,846)	(188,601)
(Profit) / Loss on the disposal of fixed assets	(605)	(37)
(Increase) / Decrease in debtors	(577,029)	677,652
Increase / (Decrease) in creditors	1,199,274	(171,830)
Decrease in long term creditors	-	-
Net cash provided by operating activities	2,218,034	281,201

	Note	2021 £	£	2020 £	£
Cash flows from operating activities					
Net cash used provided by/(used by) operating		2,218,034		281,201	
Cash flows from investing activities:					
Dividends and interest from investments		174,846		188,601	
Proceeds from the sale of fixed assets		630		1,673	
Purchase of fixed assets		(32,078)		(28,736)	
Purchase of intangible assets		(37,264)		(112,322)	
Proceeds from sale of investments		1,658,623		5,343,209	
Purchase of investments		(1,797,078)		(4,911,957)	
Change in cash in investment portfolio		209,006		(422,344)	
Net cash used in investing activities		176,685		58,124	
Change in cash and cash equivalents in the year		2,394,719		339,325	
Cash and cash equivalents at the beginning of the year		1,708,871		1,369,546	
Cash and cash equivalents at the end of the year		4,103,590		1,708,871	

1 Accounting policies

a) Statutory information

Vocational Training Charitable Trust is a charitable company limited by guarantee and is incorporated in the United Kingdom.

The registered office and operational address is Aspire House, Annealing Close, Eastleigh, Hampshire, SO50 9PX.

b) Basis of preparation

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

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy or note.

These financial statements consolidate the results of the charitable company and its wholly-owned subsidiary, Education & Media Services Ltd, on a line by line basis. Transactions and balances between the charitable company and its subsidiary have been eliminated from the consolidated financial statements. Balances between the companies are disclosed in the notes of the charitable company's balance sheet. A separate statement of financial activities, or income and expenditure account, for the charitable company itself is not presented because the charitable company has taken advantage of the exemptions afforded by section 408 of the Companies Act 2006.

c) Public benefit entity

The charitable company meets the definition of a public benefit entity under FRS 102.

d) Going concern

The trustees consider that despite the impact of COVID-19 on the Income there are no material uncertainties about the charitable company's ability to continue as a going concern. The Charity have addressed the anticipated reduced income in the next reporting period by restructuring and therefore reducing the operating costs.

The trustees do not consider that there are any sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

e) Income

Income is recognised when the group has entitlement to the funds, any performance conditions attached to the income have been met, it is probable that the income will be received and that the amount can be measured reliably.

Income received in advance of the provision of a specified service is deferred until the criteria for income recognition are met.

Income from government and other grants, whether 'capital' grants or 'revenue' grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred

f) Investment income

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.

Dividend income receivable from the charity's investment portfolio is recognised when declared.

g) Fund accounting

Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure which meets these criteria is charged to the fund.

Unrestricted funds are donations and other incoming resources received or generated for the charitable purposes.

1 Accounting policies (continued)

h) Expenditure and irrecoverable VAT

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

- Expenditure on charitable activities includes the costs of qualifications and assessments undertaken to further the purposes of the charity and their associated support costs
- Investment managers' fees represent amounts charged to manage the charity's investment portfolio

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

i) Allocation of support costs

Resources expended are allocated to the particular activity where the cost relates directly to that activity. Support costs are re-allocated to each of the activities on the following basis:

- Qualification and assessment costs 100%

Governance costs are re-allocated to each of the activities on the following basis which is the ratio of expenditure between activities:

- Qualification and assessment costs 100%

Governance costs are the costs associated with the governance arrangements of the charity. These costs are associated with constitutional and statutory requirements and include any costs associated with the strategic management of the charity's activities.

j) Intangible assets

Intangible assets include trademarks acquired, goodwill arising from the acquisition of business and trade assets, and cost incurred in developing software to be used by the company.

Software development is amortised over four years on a straight-line basis.

Trademarks acquired are initially recognised at cost and are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to the statement of financial activities using the straight line method over 10 years. This is the shorter of their estimated useful lives and periods of contractual rights.

Goodwill represents the difference between the cost of acquisition of business trade and the fair value of the net assets. Goodwill is recognised separately as intangible assets and carried at cost less accumulated amortisation. Goodwill is amortised over five years on a straight-line basis.

k) Tangible fixed assets

Items of equipment are capitalised where the purchase price exceeds £500. Depreciation costs are allocated to activities on the basis of the use of the related assets in those activities. Assets are reviewed for impairment if circumstances indicate their carrying value may exceed their net realisable value and value in use.

Where fixed assets have been revalued, any excess between the revalued amount and the historic cost of the asset will be shown as a revaluation reserve in the balance sheet.

Depreciation is provided at rates calculated to write down the cost of each asset to its estimated residual value over its expected useful life. The depreciation rates in use are as follows:

- | | |
|-----------------------------------|-------------------|
| • Freehold Land | Not depreciated |
| • Buildings | 2% straight line |
| • Property Improvements | 5% straight line |
| • Fixtures | 20% straight line |
| • Computer equipment and software | 25% straight line |

l) Listed investments

Investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price. Any change in fair value will be recognised in the statement of financial activities and any excess of fair value over the historic cost of the investments will be included within general funds in the balance sheet. Investment gains and losses, whether realised or unrealised, are combined and shown in the heading "Net gains/(losses) on investments" in the statement of financial activities. The charity does not acquire put options, derivatives or other complex financial instruments.

Notes to the financial statements

For the year ended 31 July 2021

1 Accounting policies (continued)

m) Investments in subsidiaries

Investments in subsidiaries are at cost.

n) Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

o) Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

p) Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

q) Financial instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

r) Pensions

The charity operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the charity in an independently administered fund. The pension cost charge represents contributions payable under the scheme by the charity to the fund. The charity has no liability under the scheme other than for the payment of those contributions.

2 Income from donations and grant income

	Unrestricted £	Restricted £	2021 Total £	Unrestricted £	Restricted £	2020 Total £
Qualification Wales grant income	–	–	–	–	52,354	52,354
Government grant income CJRS* (Coronavirus Job Retention Scheme)	–	188,288	188,288	–	512,775	512,775
	–	188,288	188,288	–	565,129	565,129

3 Income from charitable activities

	Unrestricted £	Restricted £	2021 Total £	Unrestricted £	Restricted £	2020 Total £
Qualification and assessment income and other educational income	9,243,083	–	9,243,083	7,895,250	–	7,895,250
	9,243,083	–	9,243,083	7,895,250	–	7,895,250

4 Income from investments

	2021 Total £	2020 Total £
Smith & Williamson Investment Management	174,846	164,161
CCLA – COIF Property Fund	–	24,440
	174,846	188,601

Vocational Training Charitable Trust

Notes to the financial statements

For the year ended 31 July 2021

5a Analysis of expenditure

	Charitable activities			2021	2020
	Qualification and assessment costs £	Support Costs £	Governance Costs £	Total £	Total £
Staff costs (Note 7)	2,723,625	1,831,403	140,877	4,695,905	4,851,988
Verifier, examination fees & expenses	516,301	347,168	26,706	890,175	1,203,320
Premises costs	59,245	39,837	3,064	102,146	116,337
Telephone & fax	15,657	10,528	809	26,994	36,673
Postage, stationery & assessment materials	478,254	321,584	24,737	824,575	660,938
Other office costs	59,803	40,213	3,093	103,109	106,839
Travelling, meeting & committee expenses	71,104	47,811	3,678	122,593	291,497
Marketing & publicity	85,340	57,384	4,413	147,137	245,049
Legal & professional	32,553	21,889	1,683	56,125	57,879
Audit & accountancy	18,375	12,356	951	31,682	30,656
Depreciation	89,974	60,499	4,654	155,127	167,614
Amortisation	449,678	302,370	23,259	775,307	2,063,139
Profit on disposal of fixed assets	(350)	(236)	(18)	(604)	(37)
Bank charges & foreign exchange	13,836	9,303	716	23,855	64,256
Sundry expenses	33,199	22,323	1,717	57,239	196,797
ICT Hosting & support	394,332	265,154	20,397	679,883	694,084
Consultancy support	9,595	6,452	497	16,544	75,709
	5,050,521	3,396,038	261,233	8,707,792	10,862,738
Support costs	3,396,038	(3,396,038)	-	-	-
Governance costs	261,233	-	(261,233)	-	-
Total expenditure 2021	8,707,792	-	-	8,707,792	-
Total expenditure 2020	10,862,738	-	-		10,862,738

Vocational Training Charitable Trust

Notes to the financial statements

For the year ended 31 July 2021

5b Analysis of expenditure (Prior year)

	Charitable activities			
	Qualification and assessment costs £	Support Costs £	Governance Costs £	2020 Total £
Staff costs (Note 7)	2,862,673	1,892,275	97,040	4,851,988
Verifier, examination fees & expenses	1,203,320	–	–	1,203,320
Premises costs	68,639	45,371	2,327	116,337
Telephone & fax	21,637	14,302	734	36,673
Postage, stationery & assessment materials	389,954	257,766	13,218	660,938
Other office costs	63,035	41,667	2,137	106,839
Travelling, meeting & committee expenses	171,984	113,684	5,829	291,497
Marketing & publicity	144,579	95,569	4,901	245,049
Legal & professional	34,149	22,573	1,157	57,879
Audit & accountancy	–	–	30,656	30,656
Depreciation	98,892	65,369	3,353	167,614
Amortisation	1,217,252	804,624	41,263	2,063,139
Profit on disposal of fixed assets	(22)	(15)	–	(37)
Bank charges & foreign exchange	37,911	25,060	1,285	64,256
Sundry expenses	116,110	76,751	3,936	196,797
ICT Hosting & support	409,510	270,693	13,881	694,084
Consultancy support	44,668	29,526	1,515	75,709
	6,884,291	3,755,215	223,232	10,862,738
Support costs	3,755,215	(3,755,215)	–	–
Governance costs	223,232	–	(223,232)	–
Total expenditure 2020	10,862,738	–	–	10,862,738

Notes to the financial statements

For the year ended 31 July 2021

6 Net (expenditure)/ income for the year

This is stated after charging / (crediting):

	2021 £	2020 £
Depreciation	155,127	167,651
Amortisation	775,307	2,063,102
Loss or (profit) on disposal of fixed assets	(604)	(37)
Operating lease rentals:		
Property	14,479	14,302
Other	66,023	87,524
Auditor's remuneration (excluding VAT):		
Audit	25,000	24,500
Other services	950	900
Foreign exchange (gains) or losses	3,548	44,686

7 Analysis of staff costs, trustee remuneration and expenses, and the cost of key management personnel

Staff costs were as follows:

	2021 £	2020 £
Salaries and wages	3,765,434	3,932,343
Redundancy and termination costs paid in the year	116,109	3,082
Social security costs	379,792	395,638
Employer's contribution to defined contribution pension schemes	258,398	276,221
Other forms of employee benefits	176,172	244,704
	4,695,905	4,851,988

The following number of employees received employee benefits (excluding employer pension costs and national insurance) during the year between:

	2021 No.	2020 No.
£60,000 – £69,999	1	5
£70,000 – £79,999	1	1
£80,000 – £89,999	–	1
£100,000 – £109,999	1	–
£110,000 – £119,999	–	1
£120,000 – £129,999	1	–
£130,000 – £139,999	–	1
£140,000 – £149,999	–	1
£150,000 – £159,999	2	–
£180,000 – £189,999	–	1
£190,000 – £199,999	1	–

The total employee benefits including pension contributions and employer's national insurance of the key management personnel were £871,320 (2020: £860,002)

The charity trustees were not paid or received any other benefits from employment with the charity in the year (2020: £nil). No charity trustee received payment for professional or other services supplied to the charity (2020: £nil) save as disclosed in note 9 below.

Trustees' expenses represents the payment or reimbursement of travel and subsistence totalling £2,640 (2020: £7,968) incurred by 10 (2020: 11) trustees relating to attendance at Board meetings.

Trustee indemnity insurance is now included within the charitable company's indemnity insurance.

Notes to the financial statements

For the year ended 31 July 2021

8 Staff numbers

The average number of employees (head count based on number of staff employed) during the year was as follows:

	2021 No.	2020 No.
Qualifications and Assessment	94	117
Support	30	36
Governance	2	2
	126	155

9 Related party transactions

Related party transactions with the charity's subsidiary company are disclosed within note 14.

During the year the Charity engaged with Pure HR, a company owned by Trustee Stephanie Barnett, to provide HR consultancy. The Charity paid £5,875 (2020: £4,291) for the consultancy service. All payments have been made prior to year end.

There are no donations from related parties.

10 Taxation

The charity is exempt from corporation tax as all its income is charitable and is applied for charitable purposes. The charity's trading subsidiary Education & Media Services Limited will gift aid profits earned in year to the parent charity.

11 Tangible fixed assets**The group**

	Freehold property £	Property Improvements £	Fixtures and fittings £	Computer equipment & Software £	Total £
Cost					
At the start of the year	1,289,458	1,889,769	138,076	1,226,079	4,543,382
Additions in year	–	–	–	32,078	32,078
Disposals in year	–	–	(1,320)	(85,379)	(86,699)
At the end of the year	1,289,458	1,889,769	136,756	1,172,778	4,488,761
Depreciation					
At the start of the year	114,254	507,676	129,008	1,134,077	1,885,015
Charge for the year	17,629	87,184	2,879	47,683	155,376
Eliminated on disposal	–	–	(1,320)	(85,353)	(86,673)
At the end of the year	131,883	594,860	130,567	1,096,407	1,953,717
Net book value					
At the end of the year	1,157,575	1,294,909	6,189	76,371	2,535,044
At the start of the year	1,175,204	1,382,093	9,068	92,002	2,658,367

Land with a value of £407,232 (2020: £407,232) is included within freehold property and not depreciated.

All of the above assets are used for charitable purposes.

11 Tangible fixed assets (continued)

The charity

	Freehold property £	Property Improvements £	Fixtures and fittings £	Computer equipment & Software £	Total £
Cost					
At the start of the year	1,289,458	1,889,769	138,076	1,213,910	4,531,213
Additions in year	–	–	–	32,079	32,079
Disposals in year	–	–	(1,320)	(85,379)	(86,699)
At the end of the year	1,289,458	1,889,769	136,756	1,160,610	4,476,593
Depreciation					
At the start of the year	114,254	507,676	129,008	1,126,878	1,877,816
Charge for the year	17,629	87,184	2,879	45,264	152,956
Eliminated on disposal	–	–	(1,320)	(85,353)	(86,673)
At the end of the year	131,883	594,860	130,567	1,086,789	1,944,099
Net book value					
At the end of the year	1,157,575	1,294,909	6,189	73,820	2,532,493
At the start of the year	1,175,204	1,382,093	9,068	87,032	2,653,397

12 Intangible fixed assets

The Group

	Software & Resources £	Goodwill £	Trademarks £	Total 2021 £
Cost				
At the start of the year	1,474,144	4,720,540	4,800	6,199,484
Additions in year	37,264	–	–	37,264
At the end of the year	1,511,408	4,720,540	4,800	6,236,748
Amortisation				
At the start of the year	913,162	4,317,954	2,680	5,233,796
Charge for the year	372,272	402,586	480	775,338
At the end of the year	1,285,434	4,720,540	3,160	6,009,134
Net book value				
At the end of the year	225,974	–	1,640	227,614
At the start of the year	560,982	402,586	2,120	965,688

12 Intangible fixed assets (continued)

The Charity

	Software & Resources £	Goodwill £	Trademarks £	2021 Total £
Cost				
At the start of the year	1,474,144	87,500	4,800	1,566,444
Additions in year	37,264	–	–	37,264
At the end of the year	1,511,408	87,500	4,800	1,603,708
Amortisation				
At the start of the year	913,162	87,500	2,680	1,003,342
Charge for the year	372,272	–	480	372,752
At the end of the year	1,285,434	87,500	3,160	1,376,094
Net book value				
At the end of the year	225,974	–	1,640	227,614
At the start of the year	560,982	–	2,120	563,102

13 Listed investments

	The group 2021 £	2020 £	The charity 2021 £	2020 £
Fair value at the start of the year	9,316,398	9,813,144	9,316,398	9,813,144
Additions at cost	1,797,078	4,911,957	1,797,078	4,911,957
Disposal proceeds	(1,658,623)	(5,343,209)	(1,658,623)	(5,343,209)
Change in cash in the portfolio	(209,006)	422,344	(209,006)	422,344
Net gain in fair value	1,342,383	(487,838)	1,342,383	(487,838)
Fair value at the end of the year	10,588,230	9,316,398	10,588,230	9,316,398

Listed investments comprise:

	The group 2021 £	2020 £	The charity 2021 £	2020 £
Property Funds		11,307	–	11,307
UK Common investment funds	3,256,017	2,930,685	3,256,017	2,930,685
Shares listed on the London Stock Exchange	2,040,863	1,735,013	2,040,863	1,735,013
Cash and short term deposits held by fund manager	839,806	740,109	839,806	740,109
Other Investments Including Overseas Equities, Alternatives and Multi-Asset	4,451,544	3,899,284	4,451,544	3,899,284
Fair value at the end of the year	10,588,230	9,316,398	10,588,230	9,316,398

14 Subsidiary undertakings

	The charity 2021 £	2020 £
Investments held in subsidiary undertakings		
At the start of the year	1,422,095	3,100,203
Amortisation recognised	(402,586)	(1,678,108)
At the end of the year	1,019,509	1,422,095

Notes to the financial statements

For the year ended 31 July 2021

14 Subsidiary undertakings (continued)

Education & Media Services Ltd

VTCT acquired the share capital of Education & Media Services Ltd (EMS) on 8 November 2016. The cost of acquisition along with associated professional support and advice totalled £5,600,049. The cost of the share capital was settled through a cash payment, with a retention amount paid in March 2017 based on EMS's performance. The trustees consider the useful economic life of EMS to be 5 years and the goodwill has been amortised.

A summary of the results of the subsidiary shown below.

	2021 £	2020 £
Turnover	2,140,524	1,814,989
Cost of sales	(253,007)	(420,571)
Gross profit	1,887,517	1,394,418
Administrative expenses	(976,622)	(1,361,240)
Operating profit / (loss)	910,895	33,178
Interest receivable	2,153	2,327
Profit on ordinary activities	913,048	35,505
Gift aid to parent undertaking	(967,131)	–
Profit/(Loss) for the period	(54,083)	35,505

The aggregate of the assets, liabilities and reserves was:

	2021 £	2020 £
Assets	646,223	712,532
Liabilities	(217,629)	(225,108)
Reserves	428,594	487,424

During the year, intercompany charges were made from VTCT to EMS totalling £886,379 (2020: £1,134,608) for management time and support.

15 Parent charity

The parent charity's gross income and the results for the year are disclosed as follows:

	2021 £	2020 £
Gross income	8,352,072	7,968,599
Net result for the year	2,236,992	(2,790,080)

Notes to the financial statements

For the year ended 31 July 2021

16 Debtors

	The group 2021 £	2020 £	The charity 2021 £	2020 £
Trade debtors	890,878	372,682	715,814	295,534
Amounts due from other group entities	–	–	87,230	81,327
Other debtors and prepayments	467,732	408,899	446,223	386,278
	1,358,610	781,581	1,249,267	763,139

Other Debtors includes a non current debtor of £144k comprising of a loan made in 2014 to Truro & Penwith College contributing to the provision of specialist teaching facilities.

17 Creditors: amounts falling due within one year

	The group 2021 £	2020 £	The charity 2021 £	2020 £
Trade creditors	180,000	193,317	178,767	191,661
Taxation and social security	203,383	199,577	232,567	217,726
Other creditors	400,291	210,394	378,695	175,554
CBILs Loan	1,000,000	–	1,000,000	–
Deferred income (note 18)	171,883	152,995	64,312	45,711
	1,955,557	756,283	1,854,341	630,652

Other Creditors includes a £1,000,000 coronavirus business interruption loan (CBILS) received from Nat West Bank on 2/9/2020. This was on a 72 month term with a 12 month interest free period in the initial year. If repayment was not made at the end of the first year interest would be charged at 2.62% over base rate. Note 22 details the repayment of the loan in full, post balance sheet.

18 Deferred income

Deferred income comprises of payments received for qualification services supplied after the year end date.

	The group 2021 £	2020 £	The charity 2021 £	2020 £
Balance at the beginning of the year	152,995	154,930	45,711	54,036
Amount released to income in the year	(152,995)	(154,930)	(45,711)	(54,036)
Amount deferred in the year	171,883	152,995	64,312	45,711
	171,883	152,995	64,312	45,711

19a Analysis of group net assets between funds (current year)

	General unrestricted £	Restricted funds £	Total funds £
Tangible fixed assets	2,535,044	–	2,535,044
Intangible assets including goodwill	227,614	–	227,614
Investments	10,588,230	–	10,588,230
Net current assets	3,506,643	–	3,506,643
Net assets at 31 July 2021	16,857,530	–	16,857,530

19b Analysis of group net assets between funds (prior year)

	General unrestricted £	Restricted funds £	Total funds £
Tangible fixed assets	2,658,367	–	2,658,367
Intangible assets including goodwill	965,688	–	965,688
Investments	9,316,398	–	9,316,398
Net current assets	1,721,081	13,088	1,734,169
Net assets at 31 July 2020	14,661,534	13,088	14,674,622

20a Movements in funds (current year)

	At 1 August 2020 £	Income & net gains £	Expenditure & losses £	Transfers £	At 31 July 2021 £
Restricted funds					
Qualifications Wales	13,088	–	(13,088)	–	–
Government grant income CJRS* (Coronavirus Job Retention Scheme)	–	188,288	(188,288)	–	–
	13,088	188,288	(201,376)	–	–
Unrestricted funds:					
General funds	14,661,534	9,417,929	(7,221,932)	–	16,857,531
Total unrestricted funds	14,661,534	9,417,929	(7,221,932)	–	16,857,531
Total funds	14,674,622	9,606,217	(7,423,308)	–	16,857,531

The narrative to explain the purpose of each fund is given at the foot of the note below.

20b Movements in funds (prior year)

	At 1 August 2019 £	Income & net gains £	Expenditure & losses £	Transfers £	at 31 July 2020 £
Restricted funds					
Qualifications Wales	–	52,354	(39,266)	–	13,088
Government grant income CJRS*	–	512,775	(512,775)	–	–
	–	565,129	(552,041)	–	13,088
Unrestricted funds:					
General funds	17,429,196	8,083,852	(10,851,513)	–	14,661,534
Total unrestricted funds	17,429,196	8,083,852	(10,851,513)	–	14,661,534
Total funds	17,429,196	8,648,980	(11,403,554)	–	14,674,622

Restricted funds for the year comprise of:

Qualifications Wales – for Welsh translations of qualification materials and a short term appointment of a bilingual officer.

*Government Scheme – Coronavirus Job Retention Scheme (CJRS) – to cover a percentage of salary, pension and NI costs incurred for furloughed workers.

21 Operating lease commitments

The group's total future minimum lease payments under non-cancellable operating leases is as follows for each of the following periods:

	Property 2021 £	2020 £	Equipment/Other 2021 £	2020 £
Less than one year	14,300	10,362	39,495	44,316
One to five years	16,327	–	26,308	66,715
	30,627	10,362	65,803	111,031

The charity's total future minimum lease payments under non-cancellable operating leases is as follows for each of the following periods:

	Property 2021 £	2020 £	Equipment/Other 2021 £	2020 £
Less than one year	–	–	39,495	44,316
One to five years	–	–	26,308	66,715
	–	–	65,803	111,031

22 Post Balance Sheet Events

The Charity repaid the Coronavirus Business Interruption Scheme (CBILS) of £1,000,000 from NatWest Bank on 9th August 2021.

23 Legal status of the charity

The charity is a company limited by guarantee and has no share capital. The liability of each member in the event of winding up is limited to £10.