

VTCT Annual Report

2021–2022



VTCT



iTEC



SKILLSFIRST



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Chair's statement

The people we serve, our learners, apprentices, employers, and training providers, have had to weather an incredible amount of uncertainty and anxiety over the past two years. Emerging from the after-effects of the pandemic has brought new challenges. I would first like to acknowledge the grit and resilience needed to overcome these and foster an environment for learners to flourish. Throughout a time that has been taxing for all, our educational partners – our centres – have remained steadfast in their commitment to providing a rewarding career for their learners.

I am confident that, as an organisation, we will continue to remain agile and responsive to ensure the progression of our charitable goal: advancing education for public benefit. We have implemented a robust strategic and operational plan to achieve this for the next five years. Our critical focus on supporting recovery, driving growth, and leading in technical education will see us grow and evolve as a dynamic and innovative organisation.

The Board of Trustees and I look forward to watching the VTCT group continue to develop our qualification and apprenticeship offer to ensure that it meets the needs of our learners, apprentices, and training centres worldwide.

JENNY SWORDER

Chair of the Board of Trustees



Chief Executive's statement

I am delighted to introduce our latest Annual Review. What unites all of us at the VTCT group of companies is our passion for providing a direct line of sight into a job for learners. Every staff member comes to work every day with this at the forefront of our minds, and I am incredibly proud to share some of the fantastic ways our colleagues across the group have worked towards this aim.

From championing a safer industry, expanding our reach by welcoming Skillsfirst into our portfolio, to showcasing our longstanding global partnerships worldwide, I am consistently in awe of the commitment, dedication, and professionalism our colleagues show daily. Without each individual working so hard with our organisation, none of the successes highlighted in this review would be possible.

Our corporate success is built upon the skills and knowledge of our partners, colleagues, and broader industry sectors. On behalf of the Trustees and the Corporate Leadership Team of the VTCT group, I would like to express my deepest gratitude to everyone working with us and supporting our charitable purpose.

ALAN WOODS OBE

Chief Executive of VTCT, iTEC and Skillsfirst



Executive summary

The VTCT group of companies continues to innovate, keeping pace within a changing education system and a challenging economic climate. Our focus remains on enabling learners to obtain experience and qualifications leading to a secure career.

This year has seen the expansion of our group with the acquisition of Skillsfirst, one of England's leading Awarding and End-Point Assessment Organisations. With Skillsfirst's history of advocating for Equity, Diversity and Inclusion (EDI), this partnership further strengthens our commitment to EDI across our sectors. Alongside VTCT's wider focus on reviewing our qualifications through an EDI lens, we have recently released a suite of 6 CPD videos, to educate stylists on the fundamentals of working with Afro-textured hair and begin making the industry inclusive for all.

To further enhance this progress towards equal access to quality education for all, we have continued our programme of Grants and Bursaries. This initiative supports disadvantaged young learners to achieve their best, no matter what their personal circumstances or background.

Rapid innovations such as our Covid-19 Infection Prevention qualifications and the VTCT (iTEC) Level 7 Diploma in Clinical Aesthetic Injectable Treatments have demonstrated an industry-leading ability to anticipate and react to government requirements as they happen.

In addition, VTCT – in partnership with NCFE – has utilised the wealth of industry expertise within the organisation to create the landmark T-Level qualification in Hairdressing, Barbering and Beauty Therapy, which is expected to enter the public domain in September 2023.

Our mission to equip every learner with the tools for excellent outcomes spans throughout the 49 countries we work with across the globe, especially through turbulent times. Our dedicated international team has been pivotal in supporting our customers as they emerge and recover from the Covid-19 pandemic. Stakeholders from one of our key markets, Southern Africa, showcase their successes and how iTEC has impacted their learners' journeys.

As well as this, learning, progression and constant improvement are principles rooted within the internal culture of the VTCT Group. Our commitment to growing outstanding people has seen us achieve the Silver Investors in People award this year, with targeted initiatives to support the development and wellbeing of staff.

We are delighted to share our achievements over the past year, not only for the customers we serve but for our industries, staff and society as a whole. Our annual review is a celebration of our successes, as well as an opportunity to share our significant aspirations for the advancement of education for the public benefit.





Our strategy for 2021–2026

Our 2021–2026 vision and strategy entitled ‘Leading, Growing, Supporting’ was approved by the Board in August 2021. Dovetailing with the themes from the former corporate plan, this strategy focuses on building on our core purpose of advancing education, providing a direct line of sight to a job or greater skills, and improving career prospects.

Set amidst the lingering Covid-19 pandemic and uncertainty concerning the future of the skills sector, our strategy focuses on supporting learners, apprentices and training centres. We believe we have exceeded expectations. We will continue to support all stakeholders and excel in a post-pandemic world whilst fulfilling our charitable objectives.

The Charity’s objectives are for the advancement of education for the public benefit throughout the United Kingdom and internationally 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 Trustees review the Charity’s aims, objectives and activities 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 essential 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 remain 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 set.

Our current strategy to achieve the Charity’s aims comprises three strategic pillars as follows:

- 1. Supporting recovery** – Embracing digital, big data and relationship marketing to develop credible insight into customer needs, building loyalty and supporting centre growth and learner achievement.
- 2. Driving growth** – Co-creating new products and services with customers and key stakeholders while strengthening our position in hairdressing and barbering.
- 3. Leading technical education** – Exclusively innovating and leading technical education in the hair, beauty, and aesthetics sector, engaging more centres and learners through high-stakes qualifications.

Whilst still at the beginning of our five-year plan, performance against strategy has been encouraging, with qualification and End-Point Assessment income being up 6.7% and 4.5% above income targets, respectively. Additionally, both Skillsfirst and VTCT achieved ‘excellent’ Net Promoter Scores (Net Promoter score (NPS) is a widely used system to measure customer satisfaction objectively and ascertain brand loyalty).

Regarding driving growth, significant investment has been made into growing our market share in the key areas of Hairdressing and Barbering, Higher Level Beauty qualifications (Level 4 and above), and Medical Aesthetics treatments. So far, these areas have seen year-on-year growth.

A significant moment in the development of VTCT this year has been the acquisition of Skillsfirst Ltd. Skillsfirst, based in Birmingham, is both an Awarding Organisation and End-Point Assessment Organisation for apprenticeships. Its portfolio of qualifications and apprenticeship assessments significantly expands the VTCT group's offer to employers and training centres. We are delighted to welcome all Skillsfirst partners and employees into the VTCT group. Skillsfirst has already seen an increase of 27% in income within the first six months of becoming part of the VTCT group.

Our final strategic pillar is to lead in Technical Education. This aim has seen us develop the VTCT Level 1/2 Technical Award in the Study of Hair and Beauty, first taught in September 2022, to support the 14–16-year-old learner market. As well as this activity in the schools, the T Level in Hair, Barbering and Beauty, in which we are the technical content specialist sub-contractor supporting NCFE, and which is aimed at 16–18-year-olds is due to become 'live' for first teaching from September 2023.



Our impact in 2021-2022

GLOBAL REACH

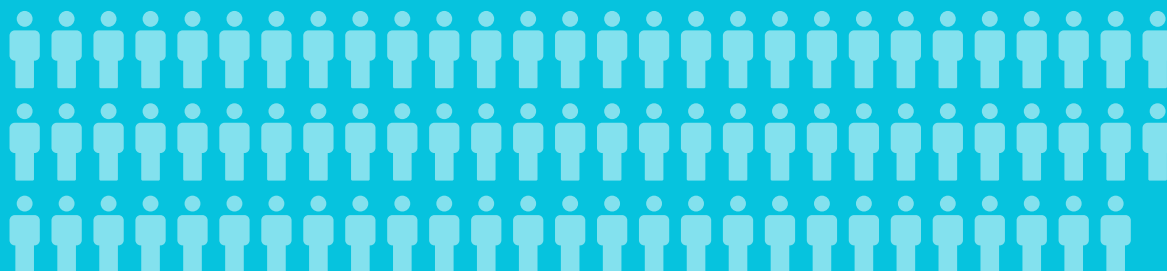
49 Total countries of operation


1,672 Total centres (Approved)



TOTAL LEARNERS
(Registered in 2021/22)

83,103



 = 1,000

Please note that these figures reflect the iTEC and VTCT brands only.



153,700

TOTAL NUMBER OF REGISTRATIONS

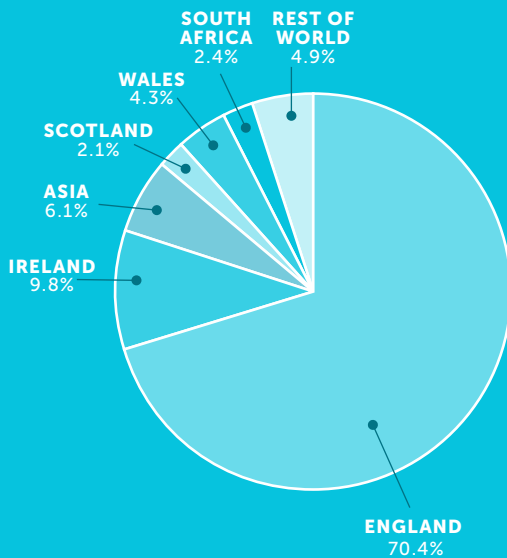


124,772

LEARNER CERTIFICATES

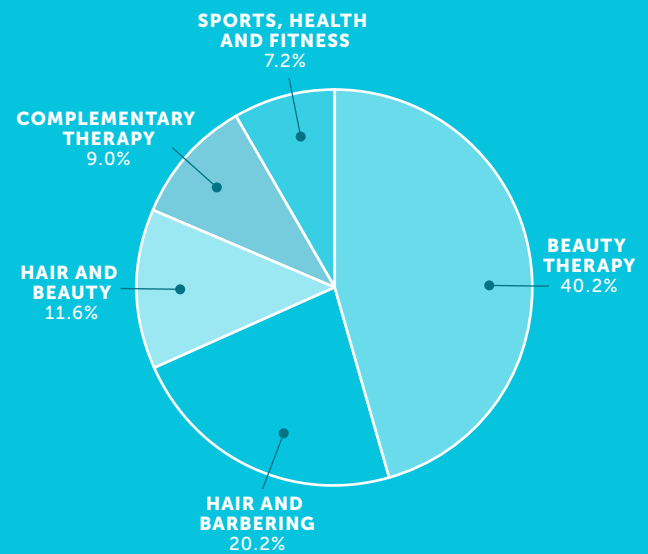
MARKET PERFORMANCE

Our income is generated in the following locations:

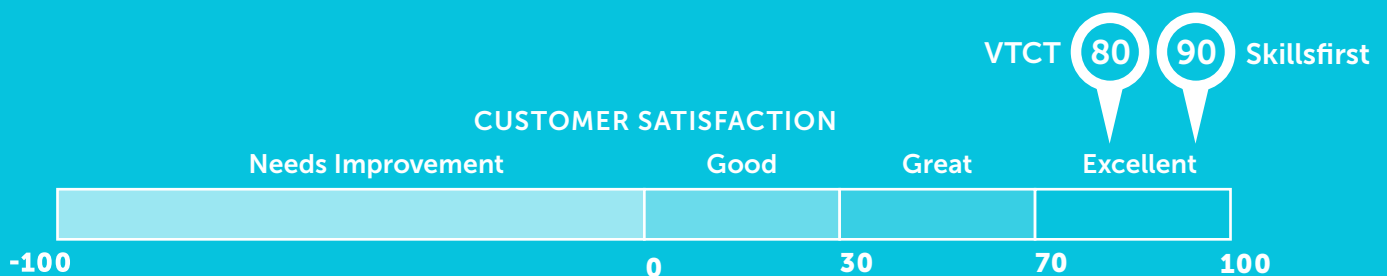


SECTOR PERFORMANCE

Our income is generated from the following sectors:



CUSTOMER SATISFACTION



Our impact in 2021-2022

Welcoming Skillsfirst to the VTCT group

The VTCT group were delighted to welcome Skillsfirst into the VTCT group of companies in March 2022. The move combined the strengths of VTCT, iTEC and Skillsfirst to fortify our position as leaders within the education and apprenticeship market and enhance the services offered to employers, centres and learners.

Skillsfirst is one of England's leading Awarding and End-point Assessment Organisations, with a growing international client base. Its significant achievements include: first-class end-point apprenticeship assessments across sixteen apprenticeship standards; introducing remote proctoring across Functional Skills assessments; and advocating for equality, diversity and inclusion through the development of an innovative suite of LGBTQ+ ("People of Pride") awareness qualifications.

Skillsfirst's dedication to innovation, dynamism and outstanding learner outcomes placed them as the preferred organisation to help us grow and consolidate our charitable objective of seeking to advance education for the benefit of the public.

Equity, Diversity and Inclusion

As Equity, Diversity and Inclusion is one of our core values, we have committed to taking a lead role in championing the customer groups we serve and have taken steps to lead the broader assessment community in embedding and delivering meaningful change regarding Equity, Diversity and Inclusion (EDI).

We have contracted Professor Geoff Thompson MBE, DL as our EDI Chair to deliver our EDI roadmap and strengthen our approach going forwards across the full range of protected characteristics.

We have introduced a set of 6 new CPD videos to empower all stylists to learn how to style and care for Afro-textured Hair types. The suite of videos will help elevate career knowledge and to teach the fundamentals of Afro-textured hair. This resource comprises innovative and valuable content and will be well received by hairdressing tutors who have no experience of working with African descendent hair.

A comprehensive review of existing qualifications is underway. As technology, services, treatments and techniques have advanced, there is a need to reflect these changes across the portfolio of qualifications. Further, qualifications are being reviewed through an Equity, Diversity and Inclusion (EDI) lens.

In addition, we have begun to sell to VTCT and iTEC customers Skillsfirst's Level 2 Certificate in LGBT Inclusion in the Workplace (RQF) which is proving popular.





Our grants and bursaries programme

Initially launched in November 2019, the iTEC & VTCT Grants and Bursaries Programme assists in fulfilling our charitable purpose, with a focus on supporting learners between the ages of 16-25 taking an iTEC or VTCT qualification.

With many areas and communities of practice in our country struggling to support young people to engage with learning, we introduced a programme of Grants & Bursaries. Fifteen training providers are selected to receive a £5,000 sum to support and enhance their learner's journeys.

Particular emphasis has been given to helping those who may be disadvantaged and would not otherwise have had the means to study.

We have included just a few of their stories here...

PROACTIVE TRAINING



We used the sum to reduce the course fees for students from inner-city universities where the course cost has often proven prohibitive to undertaking the qualification that we deliver. We've found this initiative hugely beneficial to broaden our offering of the Level 3 Sports Massage qualification to university students. We've found the cost to be a barrier to enrolment often because of large student fees and debts incurred through physiotherapy degrees and qualifications no longer being state-funded. Offering a discount to the qualifying students, especially at inner-city universities where day-to-day living costs are larger, has been a massive help in making the course more affordable to 150 students.

CITY OF LIVERPOOL COLLEGE

This initiative has allowed a city-based college to support disadvantaged learners to participate in every aspect of their course. It allowed us to purchase uniforms so they felt part of the group and provided additional resources to help them develop their skills outside the college. This is such an amazing gift from VTCT. The opportunities this money brings to less fortunate students is brilliant. Many of our students come from deprived backgrounds, and things like uniforms, kits and trips are not seen as an essential spend when money is very tight, so it takes that bit of pressure away and allows these students to participate in everything without impacting their home life.



EAST KENT COLLEGE GROUP



It has been well received by both the students and the staff delivering on the programmes. The bursary has successfully allowed us to widen opportunities to enhance the learner's learning experiences and enrich their skill sets by allowing them to experiment with products and equipment that may have previously been out of our reach. It highlighted that there is a large cohort of learners whose needs cannot be met financially. They do not quite meet the requirements to gain an EKC bursary, however, they are on low incomes and cannot afford to purchase kits, uniforms and products. As such, this VTCT bursary helped approximately 300 learners engage with their learning and achieve their qualifications.

WHITE ROSE BEAUTY COLLEGES



The Grants and Bursaries initiative was very successful as the most disadvantaged learners have been supported throughout their programme of study with travel, kit costs and uniform costs. Without this grant, these learners would not be able to access this type of learning and all ten learners have achieved qualifications. Eight of the learners have progressed to higher levels of learning and the other two have progressed into employment. This scheme has highlighted the disparity in educational equality and is an area we will continue to focus on.



SOUTH EASTERN REGIONAL COLLEGE



This was a very successful initiative that benefitted a total of 253 learners. It was well received by hairdressing and beauty therapy staff, who were able to identify learners who required additional support to assist with their studies. For example, we purchased dongles to provide internet connection for students who, due to family circumstances, were unable to access full internet connectivity. Another example was the purchase of practice blockheads and essential equipment for individual learners. The bursary was also successfully used for guest speakers, external training and educational trips across hairdressing/barbering and beauty therapy.

EASTLEIGH COLLEGE



The initiative was very successful. It has given us the funds to prepare and send one student to the UK nationals of World Skills Competition. We have hosted the Major Series in which around 19 students competed and it was amazing for all of them to achieve medals. This has boosted the student's confidence and morale and has had a huge impact on them. We are now preparing around 20 students to compete in the HRC show in London. We have three learners competing in Young Restaurant Team of the Year – this costs a fortune to practice all the time, so it's these funds that enable us to do this.



Supporting the recovery of the sector

This last year has continued to provide a significant challenge to the education and skills sector as colleges and independent training providers implement their post-covid strategies following a period of uncertainty and consolidation. As the sector collectively begins to look at the medium and longer term, the last year has provided a mixed picture, with most colleges achieving pre-pandemic numbers of learners. However, the private sector training providers have struggled to keep pace. Some providers have exceeded expectations, but many others have struggled to recruit learners. It has remained the prime focus of VTCT to continue to support the recovery of all centres, which has delivered an exceptional outturn in terms of qualifications issued.

As we enter the second year of our corporate strategy, 'Leading, Growing, Supporting,' we will continue to focus on supporting the sector's recovery, particularly given the added challenges of rising inflation, interest rate increases and significant changes for the worse in the cost of living. We believe this laser-sharp focus on customers and learners, alongside some targeted growth areas with a newly recruited and significantly larger marketing and sales team, will help us realise our growth ambitions-all the time delivering an exceptional level of B2B customer satisfaction and loyalty.



Innovating for a safer industry

iTEC & VTCT became the first Awarding Organisation to introduce sector specific, Government regulated COVID-19 Infection Prevention qualifications for a variety of different industries.

Our COVID-19 Infection Prevention qualifications were developed as prerequisites for all of our qualifications involving close contact services to support businesses re-opening and continuation of learning. We undertook an in-depth review of our portfolio of qualifications, focusing on almost 300 qualifications that contained relevant practical content. As the leading specialist awarding organisation in the sector, we knew we were best placed to use our dynamic and extensive network of experts to support the recovery of the personal care sector during a time that businesses in the sector saw an average loss in turnover of 45%. This, coupled with our responsibility to ensure all learners entering the industry are equipped with the most valid, current and essential knowledge required to safely and effectively perform treatments and services, meant that we had a duty to create qualifications that could help acclimatise the industry to new working practices within the landscape of the COVID-19 pandemic. We worked with global public health and industry experts to determine the risks that might exist and how we could mitigate them in learning and professional environments. Utilising this combination of industry expertise, international public health consultation and our proficiency in qualification design and development, iTEC & VTCT put to market the first and only regulated and Education and Skills Funding Agency (ESFA) funded COVID-19 qualifications that are specific to the needs iTEC & VTCT qualification holders will now be ready for employment, without the need for further 'on the job' training relating to specific treatment adaptations for COVID-19.

Prior to the UK Government's publication of any industry sector guidance for personal services, iTEC & VTCT's committee had gathered the very best of world research and experienced experts within their sectors. These individuals analysed each treatment technique step-by-step and determined the changes that were recommended for infection prevention protocols, based predominantly on successful outcomes in Asia with both COVID-19 and SARS.

What our centres had to say:

RACHEL LOWDEN

**Lead Internal Quality Assurer at
The National Beauty Academy**

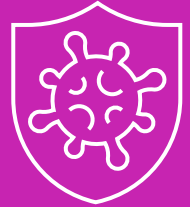
190 learners have completed the Infection Prevention Qualification at our centre. Safe Infection Prevention practices are important for learners to gain knowledge of industry standards, and then understand the importance of adhering to procedures when they go out into the industry. Many of our learners will go into self-employment so are required to have a comprehensive understanding and can implement procedures. These qualifications allow learners to present a certification of qualification to future employers and salons, as well as provide a good understanding of the infection prevention procedures/practices in the industry.

RIANNA FARBEY

**Student Liaisons and Business Development
at Omni Academy**

168 learners have achieved the qualification across Hair, Beauty, Complementary Therapies and Clinical Aesthetics and more are in progress. During the pandemic, the qualification helped to support and evidence safe working practices to encourage the reopening of the industry and encourage client confidence when returning to the salon. At the height of the pandemic, it served a purpose to educate the learners/therapists about safe practices in relation to the virus to maintain high professional standards and practice responsibly in the industry.

COVID-19 recovery support in numbers



66,968

INFECTION PREVENTION COVID-19
QUALIFICATION REGISTRATIONS



30

WEBINARS FOCUSED ON
CURRICULUM DELIVERY
AND ASSESSMENT



237

REMOTE
APPROVALS

2,582

PARTICIPANTS



1,155

REMOTE VISITS AND
SUPPLEMENTARY CHECKS



Teaching and learning

VTCT group has been uniquely well-placed to enhance teaching outcomes by providing centres with the expansive online teaching resource, Pivot Point LAB. This resource features over 200 hours of learning materials covering over 40 tailored subject areas in the hair, beauty and barbering sectors. Pivot Point LAB was especially beneficial during the Covid-19 pandemic, allowing centres to enrich education for learners throughout this period of uncertainty.

Looking beyond the pandemic, the flexibility and expertise offered by Pivot Point LAB has continued to supplement guided learning. In 2021/22, 8253 learners have utilised the Pivot Point LAB resource as an instrumental addition to support their qualifications. As well as this, over 2000 educators have accessed the resource, with numbers of educators and learners continuing to grow.

Mainstream qualifications

Working with Skillsfirst, we have developed a Level 2 Certificate in Embedding Sustainability in the Workplace (RQF), aligned with the United Nation's Sustainability Goals and developed collaboratively with Capita, Thames Water and others – this generic qualification can be tailored to any sector and is expected to be popular with customers given the current sustainability agenda in education and skills.



T Level update

NCFE was awarded the T Level in Hairdressing, Barbering and Beauty Therapy contract, with VTCT as a sub-contracted partner to enable NCFE to fulfil their obligations to the DfE and the Institute.

The Technical Qualification design process is currently going through the government's approval process so that live production of qualification materials can begin, for first delivery in September 2023. We have worked with a number of individual contracted experts in the validation of the Technical Qualification design proposals and recommendations put forward by VTCT to the DfE. VTCT is engaging very

positively with the T Level Action Group for the sector where ongoing consideration is being given to issues such as content, progression, placements and awareness of the Hairdressing, Barbering and Beauty Therapy T Level. We anticipate that this will be released into the public domain in 2023, with the Institute and NCFE leading communications around the Hair, Beauty and Barbering T Level, due to this being a government contract.





Shaping the future of medical aesthetics

In response to concerns regarding a lack of regulation within the non-surgical cosmetic industry, Parliament recently amended the Health and Care Bill (2022) which gives powers to introduce a national licensing regime for aesthetic treatments.

The bill proposes that any scheme introduced will call for national, mandatory education and training standards for all practitioners in these fields.

These regulation changes will undoubtedly drive demand for qualifications availability. We have therefore been proactive in using our reputation as standard-setters within the beauty industry to answer this call for safer practices and put to market the VTCT (iTEC) Level 7 Diploma in Clinical Aesthetic Injectable Treatments to create a safer industry for practitioners and consumers.

Patient safety and protection should be at the forefront of any clinical healthcare qualification, and ours reflects this obligation. There are serious risks involved with administering cosmetic injectable products, such as infection, skin necrosis, visual disturbances, blindness and stroke. Therefore, there cannot be any shortcuts to the design and development of this qualification.

VTCT has a longstanding and specialist history of standards setting and development in the beauty and aesthetic industry and since 2001 has participated in sector councils as part of the European Commission for Health and Consumer Services. As a qualification with a high academic level and extensive clinical skill requirements, the design and development involved an extensive amount of time, resources and expertise from multiple personnel and agencies. Before the qualification launch, continuous collaboration with relevant experts and agencies was conducted over two years.

Our progress so far

- Two-year development, design and consultation with medical and industry practitioners from across the globe to ensure that all regulatory, professional and ethical standards relevant to the non-surgical cosmetic practice were considered.
- The formation of a global medical expert panel to inform present and future developments with representation from: Joint Council for Cosmetic Practitioners (JCCP), Cosmetic Practice Standards Authority, British Association of Aesthetic Plastic Surgeons, British Association of Cosmetic Nurses, Welsh Aesthetic and Cosmetic Society, Private providers, such as Ailesbury Clinics Ltd. and Harley Academy.
- Became one of the first Awarding Organisations to receive approval for a Level 7 Clinical Injectable qualification from the industry standard-setter, Joint Council for Cosmetic Practitioners (JCCP).
- Galvanised the industry to adopt safety protocols and further education with an in-depth live webinar attracting nearly 200 clinical professionals with speakers including Professor David Sines, Sally Taber, Ben Spring and Dr Tapan Patel.





The qualification has been reviewed by multiple subject matter experts to ensure the content remains valid, current and aligned to the most up-to-date scientific evidence base practice. The assessments are fair and streamlined, and I think it hits the right balance of being very academically rigorous, but also, it doesn't take up endless amounts of time for learners.

DR TRISTAN MEHTA
CEO of Harley Academy

Our global impact

We work across the world in 49 different countries and our international team has supported customers in their recovery from the coronavirus pandemic and is now exploring growth opportunities. International sales now account for 21% of all income and are up 20.4% year-to-date versus the prior year. This growth is a testament to utilising the skills and expertise of our current quality assurance team.

A Case Study: AFRICA

The VTCT group has a close working partnership with over 650 approved centres worldwide with offices within the UK, Ireland, and South Africa. We champion improved outcomes and possibilities for all learners, offering centres and learners high-quality regulated qualifications for employability, specialist subjects and skills enhancement.

Training providers from across Southern Africa, one of our key international locations, speak about the impact our iTEC qualification suite has had on them and their learners.

SURITA BLAAUW

**Programme Manager Beauty Therapy
Department, College of Cape Town**

iTEC is recognised in our Industry in South Africa and there is a good balance between practical and theoretical components which our TVET college students can benefit from. The vast variety of qualifications and different levels makes it easy for us to choose what we as a centre want to offer to the students. It also gives centres/training schools the opportunity to put courses together that will service their markets and give them an edge over the competition.

We started offering the Diploma in Nail Technology in 2004 and added more qualifications as the years went on. We are currently offering 8 different qualifications, so in total, we have been offering the iTEC qualifications for 18 years.

It opens a lot of doors for them locally, as most of the salons/spas want iTEC-qualified therapists. They also have an opportunity to be interviewed and accepted to go onto the cruise liners. Since iTEC is so well recognised all over the world, the students have the opportunity to travel the world and find work anywhere they choose.



SANDY FUHR

**Director of Beauty Therapy Institute
Franchise group, Beauty Therapy Institute**

We have been with iTEC since 1998 and currently have over 1900 students across 19 colleges. iTEC qualifications benefit our learners by giving them ample career options and equipping them with the tools to achieve their aspirations.

Quality education is very important to us and iTEC ensures we remain on track with the requirements for our students. If we don't offer quality training to our students in a properly packed facility with the correct teaching and assessment tools, we are not doing the best for an ever-advancing industry.



GRACE ZICHAWO

**Business Development Manager,
Elite School of Beauty Zimbabwe**

iTEC qualifications are the passport to the world. Our students are able to work overseas, in the Middle East and on cruise ships after they have obtained their qualifications. Some past students have gone to open up their own spas and salons because an iTEC qualification gives them the confidence to pursue their dreams.

We have been an iTEC training provider for over 15 years and this has given us a good clientele of new learners and prospective students who trust us because they know they can trust the iTEC brand. Knowing that we are internationally accredited sets us apart from other schools in the market.

Working with iTEC means we always have access to qualifications that are competitive and very much in demand in the market. Our 15-year relationship with iTEC has been a very pleasant and supportive journey.

MMATHABO MPHELA

**Project Manager,
The Beauty Hub Academy**

iTEC has proven itself within the South African market as the sought-after awarding organisation for reputable salons and spas to hire therapists in their space. Therefore, we have been able to provide nearly 2000 learners with the quality that iTEC is associated with and give them a qualification that will give them a high chance of employment.

As a centre that specifically targets learners that come from disadvantaged backgrounds, with limited opportunities, we would like to thank iTEC for their understanding and providing an equal opportunity to those learners to be able to qualify and enter the market.

Our people

We believe in doing the very best for our outstanding people and that is why we are so pleased to have achieved IIP Silver in the last year. Our HR team have targeting areas for improvement such as induction and recruitment, sustainability, employee engagement, mental health awareness and wellbeing. We have rolled out 'Insights Discovery' training so that all new and existing staff, including Skillsfirst colleagues have had their 'Insights' done and this can become a tool that aids communication across the business through the language of colour.



We have developed 'Everymind' app which allows all staff to find information and proactively support their mental health. This sits alongside iAspire, our internal e-learning platform containing safeguarding, cyber security awareness and additional learning paths and educational videos. We provide ongoing learning and development opportunities, including a Managers Passport, which is an opportunity for managers to develop soft skills and management and leadership skills. Organisation skills matrices are in the final stages of production using a third-party platform. This platform will provide complex data enabling us to perform gap analyses while better understanding our talent pool, ensuring we have the right skills in the right places at the right time and, more importantly, to plan for when we may need these skills within the business.





Networks and partnerships

As one of the most dynamic Awarding Organisations, being connected to industry experts as well as qualifications is key. In the last year and as part of our COVID re-emergence plan, we have re-energised our Sector Advisory Boards so that they can have an even more pivotal role in shaping our product and service offers. This activity is alongside our work with leading figures in hairdressing and barbering, as we worked with key stakeholders, including the Lion's Barber Collective, M Squared Media, and the National Hair and Beauty Federation (NHBF).

We continue to engage frequently with statutory and voluntary regulators, trade bodies, and professional associations, including Ofqual, Qualifications Wales, SQA, CCEA, IfATE, the DfE, the Joint Council for Cosmetic Practitioners (JCCP), NHBF, CIMPSA, UK Active and the Federation of Holistic Therapists.

We are working with a number of key employers to support the expansion of their current qualification and EPA offer, including Capita, DHL, BT, Busy Bees and Parenta.





Financial overview

The Finance and Audit Committee ("FAC") comprises five Trustees and five senior staff members. The purpose of the FAC is to review and provide independent oversight to the Board of Trustees of VTCT on the adequacy and effectiveness of the company's financial reporting, asset management and risk management procedures. The FAC met four times in the Reporting Period of this report. In the financial year 21/22, they have reviewed financial performance, annual budgets, the risk register, and various financial and ICT audits.

As Chair of the FAC, I am pleased with the financial performance this year. Despite the challenges emerging from the pandemic, the acquisition of Skillsfirst provides a great opportunity to broaden our delivery and strengthen the achievement of our charitable objectives. To further assist our development, we invested in our Marketing and Sales functions, planning for future growth.

I would like to thank everyone that has contributed to the FAC, including our outgoing FAC Chair, Julian Glicher.

ANDREW MONDON

Chair of Finance and Audit committee



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 its application 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 last 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 7 to the accounts.

Appointment of trustees

The Charity's Articles of Association do not limit the number of trustees. 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.

In line with good practice, the Charity will continue to seek and appoint trustees with appropriate skills to enable strong governance. New trustees are recruited by open advertisement, advertising and search; promising candidates are interviewed by the Chair, Vice-Chair and Chief Executive with recommendations to the Board of Trustees.

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 the 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 activities will facilitate the undertaking of their role. Examples of these training events 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. The period of service as a Trustee may be extended upon the appointment of a Trustee as Chair of the Board of Trustees.

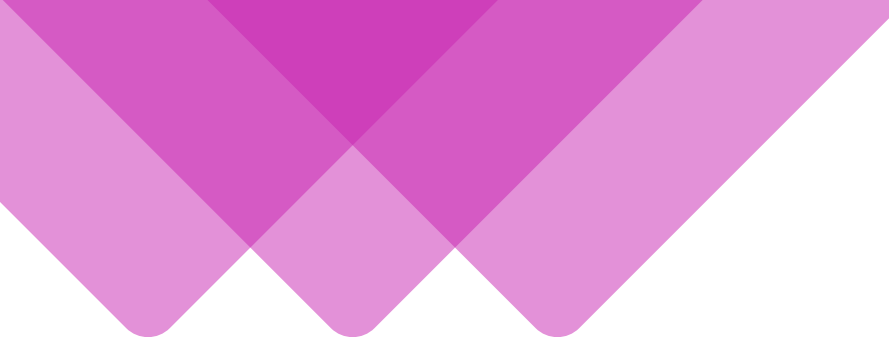
We recently welcomed the appointment of Debbie Houghton, Daniel Carlin, John Winkley, Lee Mandley and Lysa Schwart to the Trustee board. In addition, Andrew Mondon has taken over as Chair of the Finance and Audit committee following the retirement of Julian Glicher from the Trustee Board.

During the period under review, Barbara Mitchell, Meri Huws, Stephanie Fosh (previously Barnett) and Stephen Dennison resigned or retired as Trustees, and we thank them for their valuable contributions over many years of service.

Related parties and relationships with other organisations

VTCT has three wholly-owned subsidiaries:

- 1) Education & Media Services Ltd (Active), trading as iTEC
- 2) Skillsfirst Awards Ltd (Active)
- 2) Skillsfirst Holdings Ltd (Active)



During the year, VTCT engaged with Pure HR, a company owned by trustee Stephanie Fosh (previously Barnett), to provide HR consultancy. The Charity has paid £6,800 (2021: £5,875) 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.

The share capital of Skillsfirst Awards Ltd was acquired on 3 March 2022. Any transactions and management charges between VTCT and Skillsfirst Awards 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 to the role. Salary benchmarking is undertaken using the Korn Ferry Hay salary data sets. All key staff have had their roles independently reviewed by Korn Ferry Hay and are remunerated within the banded scales.

Statement of trustees' responsibilities

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 a going concern basis unless it is inappropriate to presume that the Charity will continue in operation

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 Charity's assets in the event of winding up. The total number of such guarantees on 31 July 2022 was 11 (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.

Financial review

The trustees are pleased with the outturn for the financial year as we saw centres returning to pre-pandemic levels. However, many centres face challenging circumstances with increased costs and a higher inflation rate. While a loss of £165k (2021: surplus £2.183m) is reported, this is after accounting for the amortisation of the new Skillsfirst acquisition (£218k for 5 months impairment). The strategic acquisition of Skillsfirst Awards Ltd and its Holding Company, Skillsfirst Holdings Ltd, will allow the Group to grow in the future, particularly in the apprenticeship assessment market.

Total income from charitable activities exceeded the previous year by £1.733m, a combined result of centres gradually returning to pre-pandemic levels of learners and income generated from Skillsfirst qualifications (£997k), post-acquisition.

Total expenditure on charitable activities increased by 21% to £10.581m (2020: £8.708m). This increase resulted from increased marketing & events costs, travel, and added staff headcount as we return to normal activity levels post-pandemic and additional Skillsfirst costs of £803k.

Due to global economic conditions, income from our external managed investments fell by 4% to £168k, and the investment portfolio's value decreased by £669k.

Net cash deficit from operating activities was -£51k (2021: £2.218k), and the net cash decrease after managed fund investment activities in the year was -£1.318m (2021: £2.395m) with a closing cash balance of £2.786m (2021: £ 4.104m). This closing balance was after the acquisition costs detailed in the notes to the financial statements.

VTCT is in a strong position with continued investment in the Charity to improve the quality and range of education provision and benefit to learners.


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.

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 Evelyn Partners (formerly 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 Markit iBoxx Index, the MSCI and the FTSE 100. The target return set for the investment portfolio was



a total return of CPI + 1.5%. CPI at July 2022 was 10.1% leading to a total return target of 11.6% for the year. During the year, global markets faced many challenges, including the results of the Russian invasion of Ukraine and high inflation levels, which has had an effect worldwide. Subsequently, we have seen a loss of 8.6% on our portfolio against a benchmark of 7.2%. The Trustees are reasonably confident that long term, the investments will see a recovery, and performance will improve.

The mandate for the Evelyn Partners investment portfolio is a Conservative Approach. The trustees anticipate that this will reduce the level of volatility exposure within the portfolio by having a reduced investment in equities.

Reserves policy and going concern

On 31 July 2022, the Charity and the Group had reserves totalling £16.4m (2021: £17.4m) and £16.7m (2021: £16.9m), respectively. Free reserves for the Charity and the Group totalled £9.6m (2021: £13.6m) and £11.5m (2021: £14.1m), respectively. There were no Reserves held in restricted funds (2021: nil). 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 £8.6m to £14.6m. The reserves range is calculated to enable the Charity to mitigate the monetary impact of a significant disruption to charitable activities and to allow the Trustees to ensure funds are available for current and future commitments and obligations. The trustees are pleased to report that the reserves level continues to sit within the range set out in the policy.

Furthermore, the trustees acknowledge that VTCT indirectly relies on public funding as Further Education Colleges and private training providers are funded

by governments 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 kept 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 2021/22 statutory accounts.

Risk management

We must understand the risks we face to ensure we can effectively mitigate and manage such matters accordingly so that we can continue to deliver our strategy and have a more significant impact on our customers and beneficiaries.

VTCT has a clear risk management framework that supports risk monitoring and management throughout the organisation, with departmental, functional and corporate risks monitored in real-time. Our corporate risk register is monitored explicitly by the Finance and Audit Committee, with risk management also a critical feature of the Regulatory Oversight Committee, HR and Remuneration Committee and Board. Trustees formally review the Corporate Risk Register bi-annually. Various thematic audits are conducted each year, focusing on financial management, general systems and processes and our compliance with qualification and assessment regulator Conditions and Principles.

The following principal risks and uncertainties facing VTCT and mitigations are summarised opposite.

- The rising costs of living against a backdrop of economic uncertainty, including increased food prices, utilities and rising inflation and interest rates, will negatively impact the sector given the array of challenges facing colleges, schools and independent training providers. There are also concerns over the impact these matters will have on potential learners, especially those looking to fund their own training. Thus, VTCT will: continue to focus on supporting the sector through its grants and bursaries scheme; review future pricing and the bundling of qualifications to support effective, blended teaching and learning; and ensure that pricing does impact accessibility.
- The increase in cyber security and data breaches continues to be a significant concern. While VTCT has taken all the necessary measures regarding IT and cyber security, including the technologies used and our processing and management of data, a cyber-attack continues as a potential threat to all businesses, including VTCT. VTCT is sharing best practices with a range of other awarding organisations and working with a range of external experts to ensure we minimise the potential risk of any cyber threat, while continuing to effectively manage and store our data in line with industry gold standards.
- The skills sector continues to be relatively underfunded compared to other education sectors by the current government. This situation is set against the backdrop of a funding moratorium for newly approved qualifications and a pending cull of Level 2 and 3 qualifications over time. We believe this mix will inevitably bring a more significant challenge to the whole skills eco-system, potentially resulting in fewer learners accessing and benefiting from the skills, learning and qualifications. VTCT will sign post learners to alternative funded provision where applicable, while embracing new policies concerning the funding of newly developed qualifications.
- Given our global activity and breadth of qualification offer, there is a risk, albeit of exceptionally low probability, that VTCT will fail to comply with its obligations to qualification and assessment regulators worldwide. VTCT continues to operate robustly and prides itself on its commitment to compliance and quality assurance, underpinned by a rigorous quality management system and an effective departmental and corporate governance system.



Administrative information

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 Sworder	Chair of the Board of Trustees
Isabel Sutcliffe	Vice Chair & Chair of Regulatory Oversight Committee
Andrew Mondon	Chair of Finance and Audit Committee
Jayne Lewis-Orr	Chair of HR and Remuneration Committee
Katherine Quinn	
Lesley Shepperson	
Debbie Houghton	Appointed 25/08/2022
Daniel Carlin	Appointed 05/01/2022
John Winkley	Appointed 27/07/2022
Lee Mandley	Appointed 30/08/2022
Lysa Schwartz	Appointed 21/07/2022
Meri Huws	Resigned 28/11/2021
Stephanie Fosh (previously Barnett)	Retired 24/05/2022
Stephen Dennison	Resigned 31/03/2022
Barbara Mitchell	Resigned 13/04/2022
Julian Glicher	Retired 06/10/2022



Key management personnel	Alan Woods OBE	Chief Executive
	Ashley Barnes	Deputy Chief Executive
	Carina Fagan	Chief Academic Officer
	Cheryl Collett	Operations Director (Appointed 4/3/2022)
	Collette Lux	Chief Marketing Officer (Appointed 16/03/2022)
	Fraser Ingham	Chief Business Development Officer (Appointed 4/3/2022)
	Janet Field	Chief Financial Officer
	Marcus Bull	Chief Commercial Officer (resigned 15/10/2021)

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

Evelyn Partners
(formally 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

Independent auditor's report

Opinion

We have audited the financial statements of Vocational Training Charitable Trust (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 July 2022 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 2022 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.

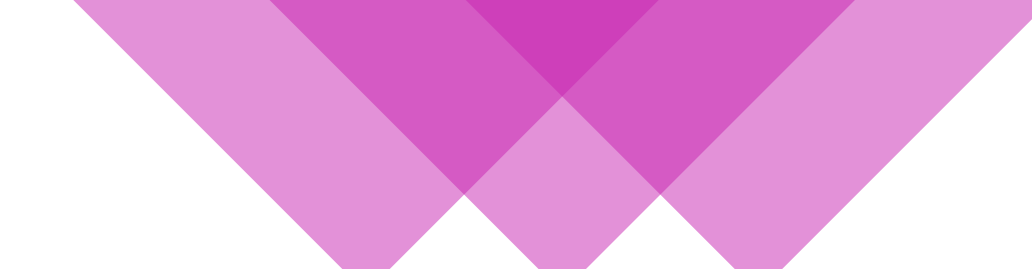
Capability of the audit in detecting irregularities

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.

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

December 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



Financial statements

Vocational Training Charitable Trust

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

(incorporating an income and expenditure account)

FOR THE YEAR ENDED 31 JULY 2022

				2022			2021
	Note	Unrestricted £	Restricted £	Total £	Unrestricted £	Restricted £	Total £
INCOME FROM							
Donations and grant Income	2	-	-	-	-	188,288	188,288
Charitable activities							
Qualification and assessment income and other educational income	3	10,976,084	-	10,976,084	9,243,083	-	9,243,083
Investments	4	167,814	-	167,814	174,846	-	174,846
Total income		11,143,898	-	11,143,898	9,417,929	188,288	9,606,217
EXPENDITURE ON							
Charitable activities							
Qualification and assessment costs	5	10,581,338	-	10,581,338	8,506,416	201,376	8,707,792
Investment managers' fees		57,616	-	57,616	57,899	-	57,899
Total expenditure		10,638,954	-	10,638,954	8,564,315	201,376	8,765,691
Net expenditure before net gains on investments	6	504,944	-	504,944	853,614	(13,088)	840,526
Net gains/(losses) on investments		(669,533)	-	(669,533)	1,342,383	-	1,342,383
Net income for the year and net movement in funds		(164,589)	-	(164,589)	2,195,997	(13,088)	2,182,909
Reconciliation of funds:							
Total funds brought forward		16,857,531	-	16,857,531	14,661,534	13,088	14,674,622
Total funds carried forward		16,692,942	-	16,692,942	16,857,531	-	16,857,531

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.

BALANCE SHEETS

Company no. 2050044

AS AT 31 JULY 2022

		THE GROUP		THE CHARITY	
	Note	2022 £	2021 £	2022 £	2021 £
Fixed assets:					
Tangible assets	11	2,471,010	2,535,044	2,432,355	2,532,493
Intangible assets including goodwill	12	2,719,293	227,614	91,658	227,614
Investments	13	8,362,194	10,588,230	8,362,194	10,588,230
Investment in subsidiaries	14	-	-	4,172,158	1,019,509
		13,552,497	13,350,888	15,058,365	14,367,846
Current assets:					
Inventories	15	6,773	-	-	-
Debtors	17	1,927,768	1,358,610	1,721,343	1,249,267
Cash at bank and in hand		2,785,999	4,103,590	774,138	3,680,928
		4,720,540	5,462,200	2,495,481	4,930,195
Liabilities:					
Creditors: amounts falling due within one year	18	(1,580,095)	(1,955,557)	(1,196,290)	(1,854,341)
Net current assets		3,140,445	3,506,643	1,299,191	3,075,854
Total net assets		16,692,942	16,857,531	16,357,556	17,443,700
Funds					
Restricted income funds	20	-	-	-	-
Unrestricted income funds:					
General funds		16,692,942	16,857,531	16,357,556	17,443,700
Total unrestricted funds		16,692,942	16,857,531	16,357,556	17,443,700
Total funds		16,692,942	16,857,531	16,357,556	17,443,700

Approved by the trustees on 8 December 2022 and signed on their behalf by

JENNY SWORDER

Chairman

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 JULY 2022

Reconciliation of net expenditure to net cash flow from operating activities

	2022 £	2021 £
Net income/(expenditure) for the reporting period	(164,589)	2,182,909
(as per the statement of financial activities)	-	
Depreciation charges	159,512	155,376
Amortisation charges	404,144	775,338
Gains /(Loss) on investments	669,533	(1,342,383)
Dividends and interest from investments	(167,814)	(174,846)
Loss/(Profit) on the disposal of fixed assets	63	(605)
Increase in stocks	(6,773)	-
Increase in debtors	(569,158)	(577,029)
(Decrease) / Increase in creditors	(375,462)	1,199,274
Net cash provided by operating activities	(50,544)	2,218,034

	Note	2022 £	£	2021 £	£
Cash flows from operating activities					
Net cash used provided by/(used by) operating activities			(50,544)		2,218,034
Cash flows from investing activities:					
Dividends and interest from investments		167,814		174,846	
Proceeds from the sale of fixed assets		550		630	
Purchase of fixed assets		(53,446)		(32,078)	
Purchase of intangible assets		(6,387)		(37,264)	
Proceeds from sale of investments		2,465,348		1,658,623	
Purchase of investments		(1,122,354)		(1,797,078)	
Acquisition of subsidiary net of cash acquired		(2,932,081)		-	
Change in cash in investment portfolio		213,509		209,006	
Net cash used in investing activities			(1,267,047)		176,685
Change in cash and cash equivalents in the year			(1,317,591)		2,394,719
Cash and cash equivalents at the beginning of the year			4,103,590		1,708,871
Cash and cash equivalents at the end of the year			2,785,999		4,103,590

Notes to the financial statements

For the year ended 31 July 2022

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 subsidiaries, Education & Media Services Ltd, Skillsfirst Awards Ltd and Skillsfirst Holdings 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 there are no material uncertainties about the charitable company's ability to continue as a going concern.

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.

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.

m) Investments in subsidiaries

Investments in subsidiaries are at cost.

n) Inventories

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. In general, cost is determined on a first in first out basis and includes transport and handling costs. Provision is made where necessary for obsolete, slow moving and defective stocks. Donated items of stock, held for distribution or resale, are recognised at fair value which is the amount the charity would have been willing to pay for the items on the open market.

o) 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.

p) 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.

q) 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.

r) **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.

s) **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	2022 Total	Unrestricted	Restricted	2021 Total
	£	£	£	£	£	£
Government grant income CJRS*	-	-	-	-	188,288	188,288
*(Coronavirus Job Retention Scheme)						
	-	-	-	-	188,288	188,288

3 Income from charitable activities

	Unrestricted	Restricted	2022 Total	Unrestricted	Restricted	2021 Total
	£	£	£	£	£	£
Qualification and assessment income and other educational income	10,976,084	-	10,976,084	9,243,083	-	9,243,083
	10,976,084	-	10,976,084	9,243,083	-	9,243,083

4 Income from investments

	2022 Total	2021 Total
	£	£
Smith & Williamson Investment Management	167,814	174,846
	167,814	174,846

5a Analysis of expenditure

Charitable activities

	Qualification and assessment costs	Support Costs	Governance Costs	2022 Total	2021 Total
	£	£	£	£	£
Staff costs (Note 7)	3,238,210	2,233,248	111,662	5,583,120	4,695,905
Verifier, examination fees & expenses	879,758	606,730	30,336	1,516,824	890,175
Premises costs	109,442	75,477	3,775	188,694	102,146
Telephone & fax	20,812	14,353	717	35,882	26,994
Postage, stationery & assessment materials	453,693	312,892	15,644	782,229	824,575
Other office costs	61,065	42,114	2,105	105,284	103,109
Travelling, meeting & committee expenses	181,778	125,364	6,268	313,410	122,593
Marketing & publicity	256,551	176,932	8,847	442,330	147,137
Legal & professional	28,504	19,658	984	49,146	56,125
Audit & accountancy	23,239	16,027	801	40,067	31,682
Depreciation	92,517	63,805	3,190	159,512	155,127
Amortisation	234,404	161,658	8,082	404,144	775,307
Profit on disposal of fixed assets	37	25	1	63	(604)
Bank charges & foreign exchange	15,494	10,686	534	26,714	23,855
Sundry expenses	78,493	54,133	2,706	135,332	57,239
ICT Hosting & support	431,760	297,766	14,888	744,414	679,883
Consultancy support	31,420	21,669	1,084	54,173	16,544
	6,137,177	4,232,537	211,624	10,581,338	8,707,792
Support costs	4,232,537	(4,232,537)	-	-	-
Governance costs	211,624	-	(211,624)	-	-
Total expenditure 2022	10,581,338	-	-	10,581,338	-
Total expenditure 2021	8,707,792	-	-		8,707,792

5b Analysis of expenditure (prior year)

Charitable activities

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

6 Net (expenditure)/ income for the year

This is stated after charging / (crediting):

	2022	2021
	£	£
Depreciation	159,512	155,127
Amortisation	404,144	775,307
Loss or (profit) on disposal of fixed assets	63	(604)
Operating lease rentals:		
Property	58,653	14,479
Other	62,758	66,023
Auditor's remuneration (excluding VAT):		
Audit	31,000	25,000
Other services	2,000	950
Foreign exchange (gains) or losses	(1,461)	3,548

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

Staff costs were as follows:

	2022	2021
	£	£
Salaries and wages	4,502,878	3,765,434
Redundancy and termination costs paid in the year	74,679	116,109
Social security costs	478,855	379,792
Employer's contribution to defined contribution pension schemes	301,500	258,398
Other forms of employee benefits	225,208	176,172
	5,583,120	4,695,905

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

	2022	2021
	No.	No.
£60,000 - £69,999	2	1
£70,000 - £79,999	2	1
£90,000 - £99,999	1	-
£100,000 - £109,999	-	1
£110,000 - £119,999	1	-
£120,000 - £129,999	-	1
£130,000 - £139,999	-	-
£140,000 - £149,999	-	-
£150,000 - £159,999	1	2
£170,000 - £179,999	1	-
£180,000 - £189,999	-	-
£190,000 - £199,999	1	1

The total employee benefits including pension contributions and employer's national insurance of the key management personnel were £1,013,068 (2021: £871,320)

The charity trustees were not paid or received any other benefits from employment with the charity in the year (2021: Nil). No charity trustee received payment for professional or other services supplied to the charity (2021: Nil) save as disclosed in note 9 below.

Trustees' expenses represents the payment or reimbursement of travel and subsistence totalling £10,707 (2021: £2,640) incurred by 12 (2021: 10) trustees relating to attendance at Board meetings.

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

8 Staff numbers

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

	2022 No.	2021 No.
Qualifications and Assessment	122	94
Support	41	30
Governance	2	2
	165	126

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 Fosh, to provide HR consultancy. The Charity paid £6,800 whilst Stephanie was in post (2021: £5,875) for the consultancy service. All payments have been made prior to year end.

There are nil 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 subsidiaries Education & Media Services Limited, Skillsfirst Awards Ltd and Skillsfirst Holdings Ltd 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	136,756	1,172,778	4,488,761
Acquired with subsidiaries	-	-	26,424	492,638	519,062
Additions in year	-	-	745	52,701	53,446
Disposals in year	-	-	(15,679)	(373,353)	(389,032)
At the end of the year	1,289,458	1,889,769	148,246	1,344,764	4,672,237
Depreciation					
At the start of the year	131,883	594,860	130,567	1,096,407	1,953,717
Acquired with subsidiaries	-	-	21,314	455,104	476,418
Charge for the year	17,628	87,060	3,484	51,339	159,512
Eliminated on disposal	-	-	(15,679)	(372,740)	(388,419)
At the end of the year	149,511	681,920	139,686	1,230,110	2,201,228
Net book value					
At the end of the year	1,139,947	1,207,849	8,560	114,654	2,471,010
At the start of the year	1,157,575	1,294,909	6,189	76,371	2,535,044

Land with a value of £407,232 (2021: £407,232) is included within freehold property and not depreciated.

All of the above assets are used for charitable purposes.

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	136,756	1,160,610	4,476,593
Additions in year	-	-	745	47,109	47,854
Disposals in year	-	-	-	(2,915)	(2,915)
At the end of the year	1,289,458	1,889,769	137,501	1,204,804	4,521,532
Depreciation					
At the start of the year	131,883	594,860	130,567	1,086,789	1,944,099
Charge for the year	17,628	87,060	2,761	39,930	147,379
Eliminated on disposal	-	-	-	(2,302)	(2,302)
At the end of the year	149,511	681,920	133,328	1,124,417	2,089,176
Net book value					
At the end of the year	1,139,947	1,207,849	4,173	80,387	2,432,356
At the start of the year	1,157,575	1,294,909	6,189	73,821	2,532,494

12 Intangible fixed assets

THE GROUP

	Software & Resources £	Goodwill £	Trademarks £	Total 2022 £
Cost				
At the start of the year	1,511,408	4,720,540	4,800	6,236,748
Acquired with subsidiaries	496,260	-	-	496,260
Acquisition of subsidiary (note 14)	-	2,621,291	-	2,621,291
Additions in year	6,387	-	-	6,387
At the end of the year	2,014,055	7,341,831	4,800	9,360,686
Amortisation				
At the start of the year	1,285,434	4,720,540	3,160	6,009,134
Acquired with subsidiaries	228,115	-	-	228,115
Charge for the year	185,223	218,441	480	404,144
At the end of the year	1,698,772	4,938,981	3,640	6,641,393
Net book value				
At the end of the year	315,283	2,402,850	1,160	2,719,293
At the start of the year	225,974	-	1,640	227,614

Further information of the goodwill recognised on the purchase of Skillsfirst Holdings and Skillsfirst Awards is provided in note 14.

THE CHARITY

	Software & Resources £	Goodwill £	Trademarks £	2022 Total £
Cost				
At the start of the year	1,511,408	87,500	4,800	1,603,708
Additions in year	4,391	-	-	4,391
At the end of the year	1,515,799	87,500	4,800	1,608,099
Amortisation				
At the start of the year	1,285,434	87,500	3,160	1,376,094
Charge for the year	139,867	-	480	140,347
At the end of the year	1,425,302	87,500	3,640	1,516,442
Net book value				
At the end of the year	90,498	-	1,160	91,658
At the start of the year	225,974	-	1,640	227,614

13 Listed investments

	THE GROUP		THE CHARITY	
	2022 £	2021 £	2022 £	2021 £
Fair value at the start of the year	10,588,230	9,316,398	10,588,230	9,316,398
Additions at cost	1,122,354	1,797,078	1,122,354	1,797,078
Disposal proceeds	(2,465,348)	(1,658,623)	(2,465,348)	(1,658,623)
Change in cash in the portfolio	(213,509)	(209,006)	(213,509)	(209,006)
Net gain in fair value	(669,533)	1,342,383	(669,533)	1,342,383
Fair value at the end of the year	8,362,194	10,588,230	8,362,194	10,588,230

Listed investments comprise:

	THE GROUP		THE CHARITY	
	2022 £	2021 £	2022 £	2021 £
Property Funds	-	-	-	-
UK Common investment funds	2,659,637	3,256,017	2,659,637	3,256,017
Shares listed on the London Stock Exchange	1,529,076	2,040,863	1,529,076	2,040,863
Cash and short term deposits held by fund manager	468,774	839,806	468,774	839,806
Other Investments Including Overseas Equities, Alternatives and Multi-Asset	3,704,707	4,451,544	3,704,707	4,451,544
Fair value at the end of the year	8,362,194	10,588,230	8,362,194	10,588,230

14 Subsidiary undertakings

	THE CHARITY	
	2022	2021
	£	£
Investments held in subsidiary undertakings		
At the start of the year	1,019,509	1,422,095
Additions during the year	3,371,090	-
Amortisation recognised	(218,441)	(402,586)
At the end of the year	4,172,158	1,019,509

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 goodwill has been fully amortised.

A summary of the results of the subsidiary shown below.

	2022	2021
	£	£
Turnover	2,481,082	2,140,524
Cost of sales	(410,276)	(253,007)
Gross profit	2,070,806	1,887,517
Administrative expenses	(1,196,052)	(976,622)
Operating profit / (loss)	874,754	910,895
Interest receivable	1,772	2,153
Profit on ordinary activities	876,526	913,048
Gift aid to parent undertaking	-	(967,131)
Profit/(Loss) for the period	876,526	(54,083)

The aggregate of the assets, liabilities and reserves was:

	2022	2021
	£	£
Assets	1,824,208	646,223
Liabilities	(514,342)	(217,629)
Reserves	1,309,866	428,594

During the year, intercompany charges were made from VTCT to EMS totalling £1,083,957 (2021: £886,379) for management time and support.

Skillsfirst Awards & Skillsfirst Holdings Limited

VTCT acquired the share capital of Skillsfirst Holdings who own Skillsfirst Awards Ltd on 3 March 2022. The cost of the acquisition along with associated professional support and advice totalled £3,371,090. The trustees consider the useful economic life of Skillsfirst Awards Ltd to be 5 years and the goodwill has will be amortised over this period.

The Net Assets of Skills first Awards Ltd at the date of acquisition were as follows;

	Book Values	Adjustment	Fair Value
	£	£	£
Fixed Assets	310,789	-	310,789
Stock	8,555	-	8,555
Trade Debtors	284,634	-	284,634
Other Debtors	102,895	-	102,895
Bank & Cash	187,244	-	187,244
Trade Creditors	(73,383)	-	(73,383)
Other Creditors	(70,935)	-	(70,935)
Total Net Assets	749,799	-	749,799
Goodwill arising on Acquisition			2,621,291
			3,371,090

Skillsfirst Holdings Limited

Skillsfirst Holdings Limited is non trading and therefore the balance sheet only is shown below.

The aggregate of the assets, liabilities and reserves was:

	2022	2021
	£	£
Assets	200,000	200,000
Liabilities	-	
Reserves	200,000	200,000

During the year there were no intercompany charges made from VTCT to Skillsfirst Holdings.

Skillsfirst Awards Limited

A summary of the results of the subsidiary shown below. The accounting date for Skillsfirst was 31st December therefore this year's results show for a 7 month period.

	7 month period to 31 July 2022	Pre acquisition to 31st December 2021
	£	£
Turnover	1,325,185	1,744,762
Cost of sales	(334,045)	(332,278)
Gross profit	991,140	1,412,484
Administrative expenses	(943,501)	(1,425,140)
Other operating income	-	79,986
Operating profit / (loss)	47,639	67,330
Interest receivable	41	1,028
Interest payable and similar charges	(1,299)	(3,299)
Profit on ordinary activities	46,381	65,059
Gift aid to parent undertaking	-	-
Profit/(Loss) for the period	46,381	65,059

Continued overleaf

The aggregate of the assets, liabilities and reserves was:

	2022 £	2021 £
Assets	1,110,664	968,452
Liabilities	(315,838)	(220,007)
Reserves	794,826	748,445

During the year, intercompany charges were made from VTCT to Skillsfirst Awards totalling £149,586 (2021: nil) for management time and support.

15 Inventories

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. In general, cost is determined on a first in first out basis and includes transport and handling costs. Provision is made where necessary for obsolete, slow moving and defective stocks. Donated items of stock, held for distribution or resale, are recognised at fair value which is the amount the charity would have been willing to pay for the items on the open market.

16 Parent charity

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

	2022 £	2021 £
Gross income	8,899,027	8,352,072
Net result for the year	(1,086,144)	2,236,992

17 Debtors

	THE GROUP		THE CHARITY	
	2022 £	2021 £	2022 £	2021 £
Trade debtors	1,290,543	890,878	762,156	715,814
Amounts due from other group entities	-	-	421,437	87,230
Other debtors and prepayments	637,225	467,732	537,750	446,223
	1,927,768	1,358,610	1,721,343	1,249,267

Other Debtors includes a non current debtor of £138k (2021: £144k) comprising of a loan made in 2014 to Truro & Penwith College contributing to the provision of specialist teaching facilities.

18 Creditors: amounts falling due within one year

	THE GROUP		THE CHARITY	
	2022 £	2021 £	2022 £	2021 £
Trade creditors	336,029	180,000	229,336	178,767
Taxation and social security	272,806	203,383	259,357	232,567
Other creditors	752,809	400,291	650,806	378,695
CBILs Loan	-	1,000,000	-	1,000,000
Deferred income (note 18)	218,451	171,883	56,791	64,312
	1,580,095	1,955,557	1,196,290	1,854,341

A £1,000,000 coronavirus business interruption loan (CBILS) in 2021 was repaid in full on 9/8/2021.

19 Deferred income

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

	THE GROUP		THE CHARITY	
	2022	2021	2022	2021
	£	£	£	£
Balance at the beginning of the year	171,883	152,995	64,312	45,711
Amount released to income in the year	(171,883)	(152,995)	(64,312)	(45,711)
Amount deferred in the year	218,451	171,883	56,791	64,312
	218,451	171,883	56,791	64,312

20a Analysis of group net assets between funds (current year)

	General unrestricted £	Restricted funds £	Total funds £
Tangible fixed assets	2,471,010	-	2,471,010
Intangible assets including goodwill	2,719,293	-	2,719,293
Investments	8,362,194	-	8,362,194
Net current assets	3,140,445	-	3,140,445
Net assets at 31 July 2021	16,692,942	-	16,692,942

20b Analysis of group net assets between funds (prior year)

	General unrestricted £	Restricted funds £	Total funds £
Tangible fixed assets	2,535,044	-	2,535,044
Intangible assets including goodwill	227,614	-	227,614
Investment properties	-	-	-
Investments	10,588,230	-	10,588,230
Net current assets	3,506,643	-	3,506,643
Long term liabilities	-	-	-
Defined benefit pension asset / (liability)	-	-	-
Net assets at 31 July 2021	16,857,530	-	16,857,530

21a Movements in funds (current year)

	At 1 August 2021 £	Income & net gains £	Expenditure & losses £	Transfers £	At 31 July 2022 £
Restricted funds					
Qualifications Wales	-	-	-	-	-
Government grant income CJRS*	-	-	-	-	-
*(Coronavirus Job Retention Scheme)	-	-	-	-	-
Unrestricted funds:					
General funds	16,857,531	11,143,898	(11,308,487)	-	16,692,942
Total unrestricted funds	16,857,531	11,143,898	(11,308,487)	-	16,692,942

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

21b Movements in funds (prior 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*	-	188,288	(188,288)	-	-
*(Coronavirus Job Retention Scheme)					
	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	9,606,216	(7,423,308)	-	16,857,531

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.

22 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		Equipment/Other	
	2022 £	2021 £	2022 £	2021 £
Less than one year	72,157	14,300	64,454	39,495
One to five years	230,167	16,327	92,844	26,308
More than 5 years	9,507	-	-	-
	311,831	30,627	157,298	65,803

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

	Property		Equipment/Other	
	2022 £	2021 £	2022 £	2021 £
Less than one year	47,534	-	61,046	39,495
One to five years	228,162	-	92,844	26,308
More than 5 years	9,506	-	-	-
	285,202	-	153,890	65,803

23 Post Balance Sheet Events

On the 1st August 2022 the transfer of business and assets of both Skillsfirst Holdings Ltd and Skillsfirst Awards Ltd were transferred to VTCT.

24 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.



VTCT

vtct.org.uk



ITEC

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