BRITISH ACCREDITATION COUNCIL FOR INDEPENDENT FURTHER AND HIGHER EDUCATION

England & Wales · Charity number 326652

Details

Other names	B A C
Status	Registered
Legal form	Charitable company
Company number	01828990
Registered	1984-08-28
Register	View on the Charity Commission register

Contact

Address	First Floor Wax Chandlers Hall 6 Gresham Street London
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Website	www.the-bac.org

Activities

Objects: BAC'S OBJECTS ARE TO ADVANCE EDUCATION FOR THE BENEFIT OF THE PUBLIC BY: PROVIDING A SYSTEM OF ACCREDITATION FOR EDUCATIONAL AND TRAINING INSTITUTIONS IN ORDER TO PROMOTE PUBLIC CONFIDENCE IN SUCH INSTITUTIONS AND THEIR PROGRAMMES OF STUDY; AND ASSISTING IN THE IMPROVEMENT AND MAINTENANCE OF THE STANDARDS OF ACCREDITED INSTITUTIONS THROUGH THE OFFER OF ADVISORY AND CONSULTANCY SERVICES PRINCIPALLY IN THE FIELD OF FURTHER AND HIGHER EDUCATION.

Activities: Improve and enhance the standards of independent further and higher educational institutions by the establishment of a system of accreditation of such institutions and their programmes of study and by the provision of an advisory and consultancy service in the field of further and higher education in the United Kingdom and Elsewhere.

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Classification

- **How:** Provides Services, Provides Advocacy/advice/information
- **What:** Education/training
- **Who:** Children/young People, The General Public/mankind

Geography

- **Area of benefit:** UNITED KINGDOM
- City Of London

Finances

Period end	Income	Expenditure	Assets	Employees
2025-08-31	£781,828	£836,048	£1,072,128	9
2024-08-31	£745,390	£797,129	£1,117,135	9
2023-08-31	£735,709	£763,571	£1,028,731	9
2022-08-31	£620,447	£705,146	£1,122,906	9
2021-08-31	£610,331	£639,937	£1,241,898	9

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Trustees

Name	Role	Appointed
Philip Westbury Cardew	Chair	2022-09-01
Dr Anthony Manning		2020-04-01
Dr MARY BISHOP		2018-10-18
Dr Stephen Jackson		2017-04-06
Dr Victoria Stec		2019-08-30
Esther Huertas Hidalgo		2020-04-01
Kevin Everett		2019-01-01
Marc Griffith		2020-04-01
Mariam Kilanava		2025-04-30
Md Mahbubul Alam		2021-10-01
Prof Rhys Rowland-Jones		2025-04-30
Richard Flatman		2026-04-15
Rosalyn Parker OBE		2025-04-30

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BRITISH ACCREDITATION COUNCIL FOR INDEPENDENT FURTHER AND HIGHER EDUCATION

England & Wales - Charity number 326652

Accounts

British Accreditation Council for Independent Further and Higher Education

Annual Report and Financial Statements

31 August 2025

Company Registration Number
01828990 (England and Wales)

Charity Registration Number
326652

Reference and administrative details

Members of the Council	Prof Mary Bishop (Deputy Chair) Prof Phil Cardew (Chair) Mr Kevin Everett Mr Marc Griffith Dr Esther Huertas Hidalgo Dr Stephen Jackson (Honorary Treasurer) Mrs Mariam Kilanava (Appointed April 2025) Mr Alam Mahbubal (Student member) Dr Anthony Manning (Chair of Accreditation Committee) Ms Ros Parker OBE (Appointed April 2025) Prof Rhys Rowland-Jones (Appointed April 2025) Dr Victoria Stec
Company Secretary	Dr Janet Bohrer
Registered office	First Floor Wax Chandlers Hall 6 Gresham Street London EC2V 7AD
Company registration number	01828990 (England and Wales)
Charity registration number	326652
Auditor	Buzzacott Audit LLP 130 Wood Street London EC2V 6DL
Solicitor	Bates Wells and Braithwaite London LLP 10 Queen Street Place London EC4R 1BE
Banker	CAF Bank 25 Kings Hill Avenue West Malling Kent ME19 4JQ
Investment manager	LGT Wealth Management UK LLP 14 Cornhill London EC3V 3NR
Key Management Personnel	Dr Janet Bohrer (Chief Executive) Diana Morriss (Chief Inspector) Lucy Fox (Deputy Chief Executive)

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Report of the Council Year to 31 August 2025

The members of the Council present their annual report together with the audited financial statements of the British Accreditation Council for Independent Further and Higher Education ('British Accreditation Council' or 'BAC') for the year ended 31 August 2025.

The financial statements have been prepared in accordance with the accounting policies set out on page 23 to 26 therein and comply with the charitable company's Memorandum and Articles of Association, applicable laws and the requirements of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102).

This report has been prepared in accordance with Part 8 of the Charities Act 2011 and constitutes a directors' report for the purposes of company legislation.

Structure, governance and management

The British Accreditation Council was incorporated on 29 June 1984 (Company No 1828990) and registered as a UK charity on 28 August 1984 (Charity No 326652). It is limited by guarantee without share capital. The liability of the members is limited to £10 each and accumulated funds are not distributable to the members.

The governing instrument under which the Company operates is its Memorandum and Articles of Association. Amended Articles of Association were approved by the charity on 19 October 2017 and 2 April 2018 by special resolution. The Articles of Association were reviewed in April 2021 and were considered fit-for-purpose.

The directors are treated as trustees for Charities Act purposes.

Members of the Council

The members of the Council are the Board of Trustees. The trustees who are currently in post, up to the date of approval of this report, are shown in the reference and administrative details at the front of this report.

The Articles of Association provide for a maximum of twelve directors. The trustees may appoint any director as a member of the Board of Trustees. The chair and deputy chair are appointed by the Board.

Dr Nicola Mellor resigned in the current year, at the end of her term on 31 October 2024.

Prof Mary Bishop was appointed Deputy Chair of Council in February 2025.

Three new trustees were recruited in April 2025:

Mrs Mariam Kilanava
Prof Rhys Rowland-Jones
Ms Ros Parker OBE

Induction and training of Council members

At the recruitment stage potential Council members are given extensive information about the organisation and are fully informed of the purpose and charitable objectives of BAC. Potential trustees are then invited to meet with the Standing Committee to discuss the challenges facing the organisation and their potential contribution to the charity. Following appointment and ratification by Council, induction meetings are organised for new members of Council and Accreditation Committee as appropriate.

Statement of Council's responsibilities

The Council members (who are also trustees and directors of the British Accreditation Council for Independent Further and Higher Education for the purposes of company law) are responsible for preparing the annual 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 Council members to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the income and expenditure of the charitable company for that period.

In preparing these financial statements, the Council members are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable to the United Kingdom and Republic of Ireland (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

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

Each of the Council members confirms that:

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

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

The Council members 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.

Governance

The governance structure consists of the Council, which is formed of the trustees, and acts as the Board of Directors. The Council meets three times a year.

The Chair of the Council is Prof Phil Cardew, appointed 1 September 2022.

The Council has three sub-committees. The Standing Committee meets between Council meetings to provide continuity and support the charity. The Standing Committee has, as members, the Chair of the Council, the Deputy Chair of the Council, the Honorary Treasurer and the Chair of the Accreditation Committee. Duties of nominations and governance are discharged by the Standing Committee.

The Audit and Risk Committee provides financial and regulatory oversight and is chaired by Dr Stephen Jackson (Honorary Treasurer) who is also a member of the Standing Committee.

The responsibility for decisions on accreditation is overseen by the Accreditation Committee (AC). The AC is appointed by the Council and consists of members appointed by virtue of their experience and expertise with regard to educational standards. Dr Anthony Manning is the Chair of the Accreditation Committee. The Accreditation Committee receives the reports of completed inspections and takes decisions on the award or withdrawal of accreditation, making its recommendations based on BAC's accreditation policy and procedures. It also regularly reviews the quality assurance criteria used by inspectors in making judgements and recommendations. The Committee has 6 online meetings and 4 offline meetings a year.

Mrs Claire Blanchard was appointed Deputy Chair of the Accreditation Committee in September 2025. This role was previously vacant.

Key management personnel

In the period of review, Council members consider that they, together with the Chief Executive, Deputy Chief Executive and the Chief Inspector, comprise the key management personnel of the charity. None of the Council members receive any remuneration from the charity in connection with their role as Council members.

As part of the annual review of salaries, all staff, including the Chief Executive, received a 5% increase in salary which was applicable from 1 September 2025. Other transactions with members of the Council are disclosed in note 6.

Fundraising statement

The charity does not actively undertake fundraising activities and does not employ the services of Professional Fundraisers. During 2024/25, the charity received no complaints about fundraising activities which is no change from the previous year.

Objectives and activities

The British Accreditation Council for Independent Further and Higher Education is registered for charitable purposes and its objects are:

- providing a system of accreditation for educational and training institutions in order to promote public confidence in such institutions and their programmes of study; and
- assisting in the improvement and maintenance of the standards of accredited institutions through the offer of advisory and consultancy services principally in the field of further and higher education.

Public benefit

The Council members have taken into regard the Charity Commission's guidance on public benefit and that all the Council's activities are directed to fulfilling its charitable objects of the improvement and maintenance of standards in independent further and higher education and training and that in doing so it is working for the public benefit. Some of these benefits are given below:

- The BAC accreditation mark provides students and potential students with an indication of quality.
- BAC inspections support the HM Government to protect the reputation of further and higher education and training in the UK by providing independent judgments, made on the basis of inspection by qualified and experienced inspectors, of the quality of provision of private institutions of further and higher education and training.
- The information, marketing and promotional work undertaken ensures that international students, agents and the education sector as a whole are aware of the range of institutions and courses available.
- Training events and webinars assist in the professional development of staff and institutions, thereby improving the quality of provision.
- The advice and support offered to institutions through informal and formal avenues provide them with guidance regarding good and best practice, thus helping to raise standards of provision.
- The complaints procedure provides students with a free and accessible means of resolving disputes with accredited institutions.

Achievement and performance

Accreditation and inspection activity

The table below gives details of the applications received, inspections carried out and awards of accreditation in the period 1 September 2024 to 31 August 2025 and compares these with the figures

from the previous year. There is a decrease in the overall number of accredited providers due to an increase in the number of forced withdrawals this year. Several providers were withdrawn for various reasons of non-compliance with BAC requirements such as failure to pay accreditation fees, failure to complete the re-accreditation process within the required timeline and/or lack of communication.

	September 2024 to August 2025	**September 2023 to August 2024**
New institutions awarded accreditation – UK	7	15
New institutions awarded accreditation –international	5	3
Total number of accredited institutions **	181	194
Number of international accredited institutions **	40	39
Withdrawals	25	19
Applications received from new institutions	18	16
Inspections conducted	55	86

***** numbers as of 31 August***

BAC's objectives 2024-25: Progress made

With regard to BAC's objectives for 2024/25, the following progress has been made:

Objectives	**Progress**
BAC will **invest in growth** by expanding products and services to add value to current accredited providers and to attract a wider range of new providers	• The BAC webinar series continued to be developed with good attendance from providers. • BAC developed and published on the website an AI charter. • The Accreditation Committee continued to publish meeting dates on the BAC website, which has allowed those being inspected to see when decisions will be made which has improved engagement with providers. • As the next BAC strategic plan is due from 2026 work began during the year to develop that new plan. To ensure that stakeholder feedback was considered, BAC held deep dive meetings with Standing Committee members, the Accreditation Committee members and inspectors at their annual event to assess the current BAC values and consider further ways on embedding diversification in what BAC offers.
BAC will continue to promote and be active in the quality assurance **Community**	• The European Association for Quality Assurance in Higher Education (ENQA) review process concluded positively this year. After a site visit in September 2024 renewed membership was endorsed by the ENQA Board in September 2025. BAC has been a member of ENQA since 2015 and this year starts the third cycle of ENQA membership. BAC used the outcome of this review for reconfirming European Quality Assurance Register for Higher Education (EQAR) registration, confirmed in June 2025. BAC's membership of ENQA and EQAR registration contributes to strategic direction-setting and guides work across all of BAC's activities. Both the ENQA and EQAR review reports are available on the BAC website. • During 2025 BAC established an AI working group consisting of providers, inspectors and Council members.

	The group is chaired by the Chair of the BAC Council and has discussed AI as it can influence BAC's work. • Our BAC Annual Stakeholder Event took place in May 2025. An external speaker attended to help BAC stakeholders better understand the changes happening in vocational education.
BAC will continue to **Grow and Diversify** especially Global and European activities	• The Micro-credentials (MC) Scheme pilot continues. We are reviewing the scheme and the process to decide the next steps for this scheme. • BAC staff attended ENQA workshops and events during the year.
BAC will actively engage in the development of its **Ethical responsibilities**	• BAC continues to focus on maintaining governance activity, which is appropriately streamlined, and on developing its operations via effective strategic planning and rigorous monitoring of BAC resources. During the year the Audit Committee added Risk to its title to more accurately reflect the work it undertook and we developed a risk dash board that could be updated to be discussed at every committee meeting. The Accreditation Committee Chair was invited to join the Standing Committee and a member of the Accreditation Committee was invited to act as deputy chair of the Accreditation Committee. All these changes together made our committees more resilient to being quorate when any specific individuals might be absent. • After an open call three new Trustees were interviewed and invited to join Council. • The terms of reference (ToRs) for each of the committees are reviewed on an annual basis for their continued fitness for purpose. Each of the ToR documents is publicly available and has been awarded a Crystal Mark by the Plain English Campaign. • The Health and Safety Policy and Health and Safety Handbook have been reviewed and updated.
BAC will continue to develop good practice in its use of **integrated use of the data and information** collected from BAC inspections and other work	• Work continued with transitioning data and processes into our CRM system. • A review of the BAC inspection process was completed June 2025 and along with the findings from this report and from the ENQA and EQAR review reports it will help determine the way forward for BAC as we develop our next strategic plan.

Risk management

The Council members have a duty to identify and review the risks to which the charity is exposed and to ensure appropriate controls are in place to provide reasonable assurance against fraud and error. The Council members delegate ongoing oversight to the Audit and Risk Committee for annual review to Council or reporting by exception. The Audit and Risk Committee meet regularly where risk mitigation activities and emerging risks are reviewed. The Audit and Risk Committee has a standing agenda item for every meeting to review a dashboard of risks and a paper focusing on a specific area, as appropriate.

The members of Council are satisfied with the measures employed to assess and address identified risks. The items below are listed in order of significance to the charity based on the mechanism used to assess the risk. When the new strategic plan has been developed the risk register and the identified risks highlighted below will be reviewed against that strategic plan.

Identified Risk	**Mitigating Actions**
Reputational damage arising out of inappropriate activity or behaviour	BAC has embedded integrity and transparency across all activities. All BAC representatives are DBS checked when working with under 18s. BAC has produced clear inspection guidelines and conducts monitoring inspections to ensure they are adhered to. The Bribery and Anti-Corruption policy is strictly enforced and monitored. BAC has the necessary legal insurance requirements and professional indemnity cover to provide financial support in the event BAC is accused of acting inappropriately.
Loss of key staff	We have Standard Operating Procedures (SOPs) for common processes so that other members of staff can take over when a staff member leaves BAC. We have introduced periodic benchmarking of salaries for job roles to ensure pay and other fiscal rewards are competitive. We periodically review the contract template and the Employee Handbook so we can be confident in our policies and procedures when recruiting to replace a member of staff. We have adopted a flexible working policy. Staff wellbeing is of high importance. We have a trained St John's Ambulance First Aider and a Mental Health First Aider on the staff team. The sickness policy is robust.
Change in government student visa regime	BAC has developed a range of value-added products including webinars and the Marketing Pack to attract and retain providers and reducing susceptibility to withdraw in the extreme event of BAC being removed from the list of UK government approved accrediting bodies. BAC has significantly increased due diligence in accepting new and re-accreditation applications and developed and implemented a more rigorous inspection process in order to build and maintain confidence in the inspection and accreditation process.

	We are diversifying income streams to reduce reliance on the UK market and limit the impact of an unexpected change in government policy.
Competition increases in the quality assurance arena	BAC conducts regular reviews of BAC processes to ensure they meet the needs of external stakeholders. BAC continues to develop products and processes to ensure they remain world leading in terms of quality assurance. We are working to improve the BAC profile in all markets in which we operate. We have built and continue to build and develop links with stakeholders through webinars, news updates and the Provider Journey. We maintain strict cost controls to allow competitive prices to be offered to existing and new providers. We are increasing investment in developing and promoting BAC across all markets.
Financial loss arising out of financial impropriety	BAC maintains a large financial reserve equivalent to 18 months of operating costs. BAC has extensive and transparent financial controls and by choice undergoes an external audit each year despite being below the audit threshold. BAC has independent auditors who have a reputation for independence and rigour. There is a division of responsibility between staff who deal with banking protocols and finances. BAC's external auditor makes recommendations on internal control that arise out of the external audit and with reference to sector best practice. Funds drawn down for the Development Fund are managed separately. The use/spending of the Development Fund is overseen by the Audit and Risk Committee. The investment portfolio has increased visibility in terms of where funds are invested as well as ethical screens and changes to investments can be made quickly through the investment manager.
Fraud	Audit and Risk Committee have delegated responsibilities from Council for oversight of detailed financial activities, including budget preparation and cashflow monitoring, and they report back to the Council. Finances are also a recurring item on the agenda of every Standing Committee and Council meeting. Where possible there is a separation of duties so no one individual has sole responsibility for the financial transactions of the organisation. Staff have undertaken information security training which included cyber awareness. All staff are expected to report anything suspicious and to communicate any irregular events or incidents.

Loss of ENQA Membership	A designated member of staff has key responsibilities relating to ENQA oversight. We give relevant members of staff the necessary time and resources to attend ENQA events and to keep up to date with ENQA membership requirements. The whole staff team is made aware of any specific activity relating to ENQA compliance and they take collective responsibility for providing information and evidence as and when necessary. We review BAC procedures to make sure they are ENQA compliant on a regular basis. We recruited a consultant to help us prepare for our ENQA review and subsequently our application for renewal for EQAR during 2024/25.
Loss of EQAR Listing	A designated member of staff has key responsibilities relating to EQAR oversight. We give relevant members of staff the necessary time and resources to attend EQAR events and to keep up to date with EQAR listing requirements. The whole staff team is made aware of any specific activity relating to EQAR compliance and they take collective responsibility for providing information and evidence as and when necessary. We recruited a consultant to help us prepare for our ENQA review and subsequently our application for renewal for EQAR in 2025.
Catastrophic infrastructure failure or cyber attack	All data is now backed up offsite. Key IT infrastructure is now in the Cloud with greater security and multiple backup processes. Financial information is now held in the Cloud via Xero and is considered to be as secure as is feasibly possible for an organisation of BAC's size. In the event of damage to or no access to premises, BAC telephone services have been rerouted to temporary accommodation. The policy is for staff not to leave their laptops in the office overnight so they can work remotely at short notice. We have implemented Multi Factor Authentication for our devices and Microsoft 365 with our IT support provider.
Significant and prolonged downturn in stock markets negatively impacting BAC investments and reducing capital to invest	We take expert advice on management of BAC investments. We have moved the portfolio to direct investments with more transparency and with better annual performance overall compared to the previous portfolio. We have the flexibility to make changes almost immediately.

	Investment performance is monitored by the Audit and Risk Committee.
International Recession	We maintain awareness of leading economic indicators. We maintain close links with the sector to monitor sector feedback. We continue to provide added value activities thereby increasing the value of BAC accreditation. We continue to communicate the value of accreditation to BAC providers, educators, students and governments.
Global economic crisis	Robust banking arrangements and appropriate insurance are in place. We can adapt financial arrangements to support providers such as dormancy criteria, payment plans and postponement of inspections on a case-by-case basis.
Regulatory Framework in the UK changes	We maintain awareness of the political debate. We identify possible outcomes of different scenarios. We review the impact of possible scenarios on a regular basis to monitor the impact on BAC accredited institutions or on the impact on BAC's right to conduct accreditation activities.
National or global pandemic	We continue to develop our digitised processes to ensure remote working online can be applied to all BAC operations. We have introduced flexible working arrangements for staff and can implement full-time home working at short notice. The office arrangements and equipment are suitable for socially distanced working. Key staff undertake relevant Health and Safety training as necessary. We continue to receive Health and Safety and HR support services and advice from Worknest. We have communicated to staff what support there is for wellbeing, there is an updated Employee Handbook, an Employee Assistance Programme that offers counselling and a 24hr support line and we have a trained Mental Health First Aider on the team. We can adapt financial arrangements to support providers such as dormancy criteria, payment plans and postponement of inspections on a case-by-case basis.
In-country conflict and instability	We assess risks and practical implications of implementing our processes when assessing eligibility during enquiry process.
Post-Brexit UK visa/border rules change	We will ensure we provide invitation letters to international visitors coming to the UK for BAC activities or events.

Future plans

The Strategic Plan 2021-2026 is a five-year plan and detailed objectives and activities are monitored through an internal three-year action plan. This year we have started planning for the next Strategic Plan and started to make some internal changes to accommodate that next strategic phase by recruiting two new members of staff to work in our accreditation team. They will join BAC in 2026.

BAC objectives for 2023-25 are as follows:

Objectives	Proposed actions
BAC will **invest in growth** by expanding products and services to add value to current accredited providers and to attract a wider range of new providers	• We will complete the review of the MC scheme and if successful will be added to our existing suite of schemes and marketed as necessary. • We will strengthen the use of the Common Quality Framework, to add value to accredited providers as well as to attract new providers. • We will update the website and develop a plan for long term improvements. • We will develop further support for providers e.g., potential training module.
BAC will continue to promote and be active in the quality assurance **Community**	• We will continue our schedule of webinars. • The Annual Stakeholder Event will take place again in April/ May 2026. • We will build on the outcome of the review by The European Association for Quality Assurance in Higher Education (ENQA) and introduce oversight of actions and recommendations for further development from ENQA and from the review of our inspection processes in the development of all BAC inspection schemes. • We will look for further opportunities to attend conferences and/or contribute papers.
BAC will continue to **Grow and Diversify** especially Global and European activities	• We will continue to build on successful international inspections, developing regional activities and potential working with ministries through free and paid projects including contributing to international Memorandum of Understandings with other quality assurance agencies. • We will continue to develop a portfolio of activities to actively promote BAC.
BAC will actively engage in the development of its **Ethical responsibilities**	• The review of our working practices will continue including updating our Data Protection policies and procedures and business continuity and cyber security plans. • We will calculate our carbon footprint and take steps towards zero carbon emissions. • We will look to implement ways in which we can lead in the promotion of environmental responsibility and being open about our sustainable development goals.

	• We will continue to review value for money from our suppliers whilst also recognising London Living Wage hourly rates.
BAC will continue to develop good practice in its use of **integrated use of the data and information** collected from BAC inspections and other work	• The implementation of the CRM will be complete, and we will monitor its use and look for further ways it can improve our operations. • We will focus on the report process for inspections and process them using Sharepoint and all information uploaded to an online portal. • We will consider how to produce thematic reports and use them to influence the direction for development of inspection methodologies as well as themes for enhancement workshops. • We will conduct governance reviews as endorsed by Charities Good Practice and as preparation for increased work with a potential growth of activities.

Financial review

A summary of the year's results can be found on page 20 of the financial statements. The deficit for the year before gains on investments was £54,220 (2024 – £51,739).

The total income for the year is £781,828, an increase of £36,438 over the previous year (2024 - £745,390). This is a positive sign and suggests the charity has stable and growing income stream.

During the period under review, expenditure has increased approximately by £38,919 which was expected. This is a result of inflationary effects on running costs, increased costs related to inspections.

The net deficit for the year was (£45,007) after a gain on investments of £9,213 (2024 – Net income for the year was £88,404 after gain on investments of £140,143).

Income

Accreditation fees

The income generated from accreditation fees has seen an improvement of approximately 8%, with a total of £460,910 in 2025, as compared to £426,205 in 2024. This is a result of a 5% increase in accreditation fees set in place in the previous year and new providers who have successfully achieved the BAC accreditation.

Inspection Fees

Inspection fee income has increased in the year by 1% to £247,736 (2024 – 12%, £245,171).

Other Income

The performance of our fixed asset investment portfolio has slightly improved, resulting in a net gain of £9,213 during the period under review (2024 – net gain of £140,143).

Expenditure

Charitable Activities

Direct expenditure includes the cost of conducting inspections of accredited organisations, offering workshops to providers on a range of issues and the improvement of internal capabilities. These costs

are linked to the projects that expand the charity's work and the number of inspections it conducts. The amount spent on these activities is affected by how many inspections happen in the year. Direct expenditure has decreased by circa 4% as predicted in the previous year, 2025 – £191,796 (2024 – £183,731).

Staff Costs and Running Costs

The total costs associated with staffing have increased in 2025 - £448,475 (2024 – £437,487).

Running costs and other support costs have increased in the year, 2025 - £194,902 (2024 – £174,971). This increase in expenditure was expected as result of inflation.

Investment policy

The value of BAC's investments holding is a mixture of equities, fixed income and cash held for investment purposes. The market value at the reporting date stands at £1,151,920 in 2025 (2024 – £1,207,484). BAC's investments were held in a managed investment portfolio by LGT Wealth Management UK LLP.

The investment policy aims to generate capital growth over the medium to long term, without exposing BAC to the risks and volatility associated with a wholly equity focused portfolio. The Council members are satisfied with the performance of the investment portfolio during the year.

The charity also has cash at bank and in hand of £246,007 (2024 – £195,910). The liquidity risk is managed by maintaining a balance between the continuity of funding and flexibility of access to funds.

Reserves policy

The members of council consider that free reserves of the charity should represent at least six months' expenditure, equating to approximately £450,000, to ensure that the organisation can cope with all financial commitments without recourse to borrowing.

The free reserves on 31 August 2025 were £1,039,803 (2024 – £1,081,642) which exceeds the target level of reserves stated in the reserves policy. However, the Council members consider it appropriate to hold reserves in excess of the target, in consideration of the strategic objectives to be achieved and forecasted financial position over the short, medium, and long term along with the consequences of current world events, and the reserves policy reflects only the minimum level of free reserves required.

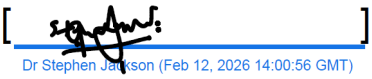
The Council will proactively assess the need for measures to mitigate the potential loss of funding resulting from providers unable to continue operations in the coming year. While it is possible that the effects of this may have a secondary impact on BAC, the Council will remain vigilant in monitoring the situation and have not deemed it necessary to utilise any more reserves than already approved in the current year.

Going Concern

The Trustees are required to confirm that it is appropriate for the BAC to adopt the going concern principle in preparing its accounts. Based on the viability review and taking into consideration the BAC closing reserves and strong cash position, the Trustees of the British Accreditation Council have reasonable expectation that the charity will continue to operate for the 12 months from the signature of this report.

As such the Trustees of the BAC continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Approved by the Council on 12/02/2026 and signed on its behalf by:

[]

Dr Stephen Jackson (Feb 12, 2026 14:00:56 GMT)

Dr Stephen Jackson

Independent auditor's report to the members of British Accreditation Council

Opinion

We have audited the financial statements of British Accreditation Council (the 'charitable company') for the year ended 31 August 2025 which comprise the statement of financial activities, the balance sheet, the statement of cash flows, the principal accounting policies and notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2025 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusion relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Annual Report and Financial Statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:

- the information given in the trustees' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the trustees' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the trustees' report and from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

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

- the Senior Statutory Auditor ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations; and

- we obtained an understanding of the legal and regulatory frameworks that are applicable to the charitable company and determined that the most significant frameworks which are directly relevant to specific assertions in the financial statements are those that relate to the reporting framework (Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), Companies Act, and the Charities Act) as well as data protection regulations.

Auditor's responsibilities for the audit of the financial statements (continued)
We assessed the susceptibility of the charity's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

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

- performed analytical procedures to identify any unusual or unexpected relationships.
- carried out substantive testing of expenditure including the authorisation thereof.
- reviewed journal entries to identify unusual transactions and substantiated these where appropriate; and
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias.

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

- review of the minutes of meetings of those charged with governance; and
- enquiring of management as to actual and potential litigation and claims.

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

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

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

Independent Auditor's Report Year to 31 August 2025

Use of our report

This report is made solely to the charitable company's member, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's member those matters we are required to state to it 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 member, for our audit work, for this report, or for the opinions we have formed.

Buzzacott Audit LLP

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

Date: 12 February 2026

Statement of financial activities (including income and expenditure account) Year to 31 August 2025

	Notes	**Total 2025 £**	Total 2024 £
Income from:			
Charitable activities			
. Accreditation and inspection fees	1	**746,013**	706,806
Investments	2	**35,815**	38,584
Total income		**781,828**	745,390
Expenditure on:			
Raising funds		**7,791**	7,871
Charitable activities			
. Accreditation and inspection		**828,257**	789,258
Total expenditure	3	**836,048**	797,129
Net expenditure before gains on investments		**(54,220)**	(51,739)
Gains on investments	10	**9,213**	140,143
Net (expenditure)/income and net movement in funds		**(45,007)**	88,404
Reconciliation of funds			
Total funds brought forward		1,117,135	1,028,731
Total funds carried forward		**1,072,128**	1,117,135

All of the charity's activities derived from continuing operations during the above two financial periods, Furthermore, all income and expenditure relates to unrestricted funds in both current and prior period.

The charity has no recognised gains or losses other than those shown above.

Balance sheet 31 August 2025

	Notes	2025 £	2025 £	2024 £	2024 £
Fixed assets					
Intangible fixed assets	8	**7,371**		11,217	
Tangible fixed assets	9	**13,499**		2,921	
Investments	10	**1,151,920**		1,207,484	
			1,172,790		1,221,622
Current assets					
Debtors due after more than one year	11	**11,941**		-	
Debtors due within one year	12	**51,079**		41,396	
Cash at bank and in hand		**246,007**		195,910	
		309,027		237,306	
Creditors: amounts falling due within one year	13(a)	**(399,396)**		(341,793)	
Net current liabilities			**(90,369)**		(104,487)
Creditors: amounts falling due after one year	13(b)		**(10,293)**		-
Total net assets			**1,072,128**		1,117,135
The funds of the charity					
Unrestricted funds					
. General funds			**1,039,803**		1,081,642
. Designated funds	14		**11,455**		21,355
. Fixed asset fund	15		**20,870**		14,138
Total funds			**1,072,128**		1,117,135

The financial statements were approved by the Council and were signed on its behalf by:

Dr Stephen Jackson (Feb 12, 2026 14:00:56 GMT)

Dr Stephen Jackson

Date: [12/02/2026]

Company Registration Number 01828990 (England and Wales)

	Notes	2025 £	2024 £
Cash flows from operating activities:			
Net cash (used in) operating activities	A	**(33,920)**	(73,526)
Cash flows from investing activities:			
Purchase of tangible fixed assets		**(16,575)**	—
Investment income received		**35,815**	38,584
Proceeds from sale of investments		**547,386**	174,899
Purchase of investments		**(477,889)**	(109,500)
Net cash provided by investing activities		**88,737**	103,983
Change in cash and cash equivalents in the year		**54,817**	30,457
Cash and cash equivalents at 1 September 2024	B	**234,319**	203,862
Cash and cash equivalents at 31 August 2025	B	**289,136**	234,319

Notes to the statement of cash flows for the year to 31 August 2025

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

	2025 £	2024 £
Net movement in funds (as per the statement of financial activities)	**(45,007)**	88,404
Adjustments for:		
Amortisation charge	**3,846**	3,846
Depreciation charge	**5,997**	6,165
Net (gains) on investments	**(9,213)**	(140,143)
(Increase) in debtors	**(21,624)**	(3,860)
Increase in creditors	**67,896**	10,646
Investment income receivable	**(35,815)**	(38,584)
Net cash (used in) operating activities	**(33,920)**	(73,526)

B Analysis of cash and cash equivalents

	2025 £	2024 £
Cash at bank and in hand	**246,007**	195,910
Cash Held in Listed Investments	**43,129**	38,409
Total cash and cash equivalents	**289,136**	203,862

C Analysis of changes in net debt

	At 1 September 2024	Cash flows	**At 31 August 2025**
Cash at bank and in hand	195,910	50,097	**246,007**
Cash Held in Listed Investments	38,409	4,720	**43,129**
Total	234,319	54,817	**289,136**

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

Basis of preparation

These financial statements have been prepared for the year to 31 August 2025 and are presented in sterling rounded to the nearest pound.

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

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

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

Critical accounting estimates and areas of judgement

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

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

- estimating the useful economic life of tangible fixed assets.
- estimating the useful economic life of intangible fixed assets.
- estimating the provision for costs associated with the membership review by the European Association for Quality Assurance in Higher Education (ENQA).

Assessment of going concern

The Council members have assessed whether the use of the going concern assumption is appropriate in preparing these financial statements. The Council members have made this assessment in respect to a period of one year from the date of approval of these financial statements.

The Council members of the charity have concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the charity to continue as a going concern. In making this assessment the trustees have considered the impact of longer-term impacts of world events. In response, the charity has taken steps to ensure that there are sufficient levels of cash available as outlined in the trustees' report. Members of the Council are of the opinion that the charity will have sufficient resources to meet its liabilities as they fall due.

Assessment of going concern (continued)

The net current liabilities position is due to advanced payments received for 2025/26 annual accreditation fees and inspections planned to take place in the next financial year.

The most significant areas of judgement that affect items in the financial statements are detailed above. With regard to the next accounting period, the year ending 31 August 2026, the most significant areas that affect the carrying value of the assets held by the charity are the level of investment return and the performance of the investment markets (see the investment policy of the Report of the Council for more information).

Income recognition

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

Income comprises fees from inspections and accreditations, consultancy contracts, investment income and grants.

Accreditation and inspection fees are recognised when they have been earned. For inspection fees, entitlement is measured with reference to the date that the inspection takes place.

Income of a contractual nature is recognised to the extent that it is probable that the economic benefits will flow to the charitable company and the revenue can be reliably measured. It is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value-added tax and other sales taxes.

Dividends are recognised once the dividend has been declared and notification has been received of the dividend due. Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charitable company; this is normally upon notification of the interest paid or payable by the bank.

Donations and grants are recognised on a receivable basis (where there are no performance-related conditions) where the receipt is probable, and the amount can be reliably measured.

Expenditure recognition

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

Expenditure is classified under headings that aggregate all costs related to the category. Where costs cannot be directly attributed to particular headings, they have been allocated to activities on a basis consistent with the use of resources.

Governance costs, comprising the costs involved in the public accountability of the charity (including audit costs) and costs in respect to its compliance with regulation and good practice, are allocated to the cost of charitable activities.

Intangible fixed assets

Intangible assets comprise of purchased computer software licences and any costs directly attributable to bringing the licences into use, such as configuration or implementation costs.

The costs of acquiring the software licences are capitalised where all the criteria in FRS 102 are met. Intangible assets are capitalised where expenditure of £3,000 or more is incurred.

Intangible assets are included initially at cost, Intangible assets are amortised on a straight-line basis over the life of the licence, currently standing at 20% per year, or the period over which the British Accreditation Council anticipates using the asset over its useful life. Amortisation charges are included in expenditure on charitable activities, as either direct costs or support costs, according to the activity that the underlying asset is used to deliver.

Tangible fixed assets

Items are capitalised where the purchase price exceeds £250. Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Computer equipment and office furniture	33% on cost
Fixtures and fittings	Straight line basis over the lease term (44 months).

Fixed asset investments

Fixed asset investments consist of listed investments.

Listed 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.

The main form of financial risk faced by the charity is that of fluctuations in equity and investment markets due to wider economic conditions, the attitude of investors to investment risk, and changes in sentiment concerning equities within particular sectors or sub sectors.

Realised gains (or losses) on investment assets are calculated as the difference between disposal proceeds and their opening carrying value, or their purchase value if acquired subsequent to the first day of the financial year. Unrealised gains and losses are calculated as the difference between the fair value at the year end and their carrying value at that date. Realised and unrealised investment gains (or losses) are combined in the statement of financial activities and are credited (or debited) in the year in which they arise.

Debtors

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

Cash at bank and in hand

Cash at bank and in hand represents such accounts and instruments that are available on demand or have a maturity of less than three months from the date of acquisition. Deposits for more than three months but less than one year have been disclosed as short-term deposits.

Creditors and provisions

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

Taxation

The British Accreditation Council is a registered charity and therefore is not liable to income tax or corporation tax on income derived from its charitable activities, as it falls within various exemptions available to registered charities.

Fund accounting

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the Council members. Designated funds which are set aside at the discretion of the Trustees for a specific purpose, or where funds are effectively constrained by their application in operational fixed assets.

The fixed asset fund represents the net book value of the fixtures, fittings, office furniture, computer equipment of the charity and intangible assets referring to software licenses. Such assets are vital to the charity being able to carry out its work and the value invested in the assets cannot, therefore, be realised in order to meet future expenditure or liabilities. To emphasise this point, the net book value of the assets is represented by a specific fixed asset fund on the balance sheet.

The trustees have designated funds of £75,000 in previous years for the purpose of developing internal capabilities and new provider schemes and any application of designated funds are set out in note 14 to the accounts.

Pension costs and other post-retirement benefits

The charity operates a defined contribution pension scheme. Contributions payable to the charity's pension scheme are charged to the statement of financial activities in the period to which they relate.

Notes to the financial activities Year to 31 August 2025

1 Income from charitable activities – Accreditation and inspection fees

	2025 £	2024 £
Accreditation Fees UK	**460,910**	426,205
Inspection Fees UK	**247,736**	245,171
Application Fees	**9,367**	7,350
Other Fees	**28,000**	28,080
	746,013	706,806

2 Investment income

	2025 £	2024 £
Interest receivable	**3,539**	3,267
Dividends from investment portfolio	**32,276**	35,317
	35,815	38,584

3 Expenditure on:

		Support costs				
	Direct costs £	Running costs £	Finance £	Staff costs £	**2025 Total £**	2024 Total £
Raising funds						
. Investment manager fees	7,791	—	—	—	**7,791**	7,871
Accreditation and inspection:						
. Accreditation and inspection delivery	181,209	160,677	875	448,475	**791,236**	757,822
. Bad debts	2,796	—	—	—	**2,796**	2,984
. Governance (note 4)	—	34,225	—	—	**34,225**	28,452
	191,796	194,902	875	448,475	**836,048**	797,129

		Support costs				
	Direct costs £	*Running costs £*	*Finance £*	*Staff costs £*	*2024 Total £*	*2023 Total £*
Raising funds						
. Investment manager fees	*7,871*	—	—	—	*7,871*	*7,536*
Accreditation and inspection:						
. Accreditation and inspection delivery	*172,876*	*146,519*	*940*	*437,487*	*757,822*	*730,548*
. Bad debts	*2,984*	—	—	—	*2,984*	—
. Governance (note 4)	—	*28,452*	—	—	*28,452*	*25,487*
	183,731	*174,971*	*940*	*437,487*	*797,129*	*763,571*

4 Governance costs

	2025 £	2024 £
Legal and professional fees	**13,913**	8,996
Council Expenses	**3,278**	3,342
Accountancy fees	**2,034**	2,014
Auditor's remuneration	**15,000**	14,100
	34,225	28,452

5 Net expenditure

	2025 £	2024 £
Net expenditure is stated after charging:		
Auditor's remuneration – statutory audit		
. Current year	**15,000**	14,100
. Prior Year	**—**	—
Amortisation	**3,846**	3,846
Depreciation	**5,997**	6,165

6 Transactions with Council members and key management personnel

The Council members consider that they, together with the Chief Executive, Chief Inspector and the Deputy Chief Executive, comprise the key management personnel of the charity in the period under review. The total remuneration of the key management personnel for the year (including taxable benefits and employer's pension and national insurance contributions) was £172,855 (2024 – £170,211).

The 11 Council members received no remuneration or other benefits for the year ended 31 August 2025 (2024 – £nil).

Expenses were reimbursed to 3 Council members for out-of-pocket expenses of £924 (2024 – £599 to four Council members).

Notes to the financial activities Year to 31 August 2025

7 Staff costs

	2025 £	2024 £
Wages and salaries	**364,210**	361,521
Social security costs	**42,817**	33,101
Pension costs	**33,564**	32,654
Agency & Freelance staff	**7,885**	10,211
	448,475	437,487

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

	Average headcount	
	2025 No.	2024 No.
Administration/ management	**5**	5
Inspection	**2**	2
Accreditation	**2**	2
	9	9

The were no employees (2024 - none) who earned £60,000 per annum or more (including taxable benefits but excluding employer pension contributions).

8 Intangible fixed assets

	Software Licenses £	**Total £**
Cost		
At 1 September 2024	19,228	**19,228**
Additions	—	**—**
At 31 August 2025	19,228	**19,228**
Amortisation		
At 1 September 2024	8,011	**8,011**
Charge for the year	3,846	**3,846**
At 31 August 2025	11,857	**11,857**
Net book value		
At 31 August 2025	7,371	**7,371**
At 31 August 2024	11,217	**11,217**

9 Tangible fixed assets

	Computer equipment and office furniture £	Fixtures and fittings £	**Total £**
Cost			
At 1 September 2024	54,361	16,208	**70,569**
Additions	16,575	—	**16,575**
Disposals	(1,322)	—	**(1,322)**
At 31 August 2025	69,614	16,208	**85,823**
Depreciation			
At 1 September 2024	52,913	14,735	**67,648**
Charge for the year	4,524	1,473	**5,997**
Eliminated on Disposal	(1,322)	—	**(1,322)**
At 31 August 2025	56,115	16,208	**72,324**
Net book value			
At 31 August 2025	13,499	—	**13,499**
At 31 August 2024	1,448	1,473	**2,921**

10 Fixed assets investments

	2025 £	2024 £
Market value		
At 1 September 2024	**1,169,075**	1,094,331
Additions at cost	**477,889**	109,500
Disposal at opening market value (proceeds £547,386; gain £1,200)	**(546,186)**	(182,027)
Net unrealised gain	**8,013**	147,271
At 31 August 2025	**1,108,791**	1,169,075
Cash held within listed investments	**43,129**	38,409
	1,151,920	1,207,484
Cost		
At 31 August 2025	**971,208**	1,058,555
At 31 August 2024	**1,058,555**	1,106,858

	Total 2025 £
Unrealised gains included above on listed investments (see below)	**137,583**
Reconciliation of movements in unrealised gains on investments	
Unrealised gains at 1 September 2024	**110,520**
Unrealised losses brought forward and losses realised in the year	**19,050**
Net unrealised losses in the year	**8,013**
Unrealised gains at 31 August 2025	**137,583**

10 *Fixed assets investments (continued)*

The following holdings comprised a material holding when compared to the value of the total listed investment portfolio at 31 August 2025:

	Market Value £	%
Institutional Cash Series Plc Blackrock	90,122	8
Capital Group Global Corporate Bond	70,065	6

Listed investments at 31 August 2025 comprised the following:

	2025 £	2024 £
Alternative Strategies	**90,122**	77,121
Overseas Equities	**688,407**	510,992
UK Equities	**163,818**	159,380
UK Fixed Interest	**166,444**	421,582
	1,108,791	1,169,075
Capital & Cash Account	**43,129**	38,409
	1,151,920	1,207,484

11 Debtors: amounts falling due after one year

	2025 £	2024 £
Other Debtors	**11,941**	-
	11,941	-

Other debtors consist of a repayable deposit paid to secure the leasehold contract for the head office premises.

12 Debtors: amounts falling due within one year

	2025 £	2024 £
Charitable activity debtors	**32,336**	10,065
Prepayments and accrued income	**18,743**	19,390
Other Debtors	**—**	11,941
	51,079	**41,396**

Other debtors consist of a repayable deposit paid to secure the leasehold contract for the head office premises.

Notes to the financial activities Year to 31 August 2025

13 (a) Creditors: amounts falling due within one year

	2025 £	2024 £
Charitable activity creditors	**23,884**	12,496
Social security and other taxes	**32,727**	21,389
Accruals	**23,793**	23,728
Deferred income	**316,746**	283,128
Other creditors	**2,246**	1,052
	399,396	341,793

Deferred income relates to inspection fees received in advance of inspections taking place and accreditation fees paid in advance for the next academic year. Movements on deferred income are shown below:

	2025 £
Deferred income at 1 September 2024	**283,128**
Resources released in the year	**(283,128)**
Resources deferred in the year	**316,746**
Deferred income at 31 August 2025	**316,746**

13 (b) Creditors: amounts falling due after one year

	2025 £	2024 £
Provisions	**10,293**	—
	10,293	—

The trustees have acknowledged their responsibility to uphold and enhance the standards and quality of Higher and Further Education at a global level. In order to meet this obligation to its stakeholders, the charity strives to maintain membership with the European Association for Quality Assurance in Higher Education (ENQA) and to be listed on the European Quality Assurance Register for Higher Education (EQAR). ENQA conducts a review of its members every five years, which is associated with a cost of approximately £51,466. The most recent ENQA review was in 2024 when the provision held was fully utilised.

14 Designated funds

	Sep-24	New designations	Utilised / Released	Sep-25
	£	£	£	£
The Development Fund	21,355	—	(9,900)	11,455
	21,355	**—**	**(9,900)**	**11,455**

To support our growth activities, BAC has drawn down funds from our investment income to create 'The Development Fund', which is being regularly monitored by the Audit and Risk Committee. The fund has been used or allocated for several projects, all linked to the Strategic Plan.

Unused funds are expected to be utilised within a time frame of 1 year from the reporting date.

15 Fixed asset fund

	Total £
At 1 September 2024	**14,138**
Net movements in year	**6,732**
At 31 August 2025	**20,870**

The fixed assets fund represents the net book value of the charity's fixed assets. The fund recognises the fact that the assets are required for the day-to-day operation of the charity and are not available for other purposes or as a general reserve.

16 Related party transactions

Dr Esther Huertas is on the council of trustees for BAC and European Network for Quality Assurance in Higher Education (ENQA). The BAC are a registered member association of ENQA and make annual payments for membership and recognise a constructive obligation to undergo a membership review every 5 years. Total expenditure related to ENQA in the year was for £4,575 annual membership fees with no outstanding amounts at year end (2024: total ENQA expenditure of £22,217, none outstanding at year end).

Dr Anthony Manning is on the Council of trustees for BAC and representative speaker for the UK Council for International Student Affairs (UKCISA). BAC were not members during 2025 as UKCISA were reviewing their corporate and educational sector organisation and memberships were on hold for this period. Membership fee due in the year was £nil (2024: £584). Dr Victoria Stec, a member of the council of trustees, was commissioned to conduct an internal review of the inspection process during the reporting period and received £9,000 for this work (2024: £nil). Dr Stec was selected for the project because of her relevant experience and expertise. No amounts were outstanding at year end (2024: none).

Council of Validating Universities has a secretariat agreement with the BAC, as a result of this relationship Dr Janet Bohrer has been appointed as secretary of CVU, the reason for this is so she may carry out the obligations agreed between CVU and BAC, only when instructed by the council members of CVU. The total income received by the BAC is £28,000 (2024: £28,000). There are no outstanding debts due at the end of the year (2024: none).

Other than as set out above and in note 6, there were no other transactions between the charity and any of its related parties.

17 Ultimate controlling party

The charity is under the ultimate control of the Council members.

18 Financial commitments

At 31 August 2025 the charity had total commitments under non-cancellable operating leases as follows:

	2025 Land and buildings £	2024 Land and buildings £
Operating lease payable		
Within one year	**47,765**	13,467
Between 2 to 5 years	**155,236**	—

British Accreditation Council for Independent Further and Higher Education

Annual Report and Financial Statements

31 August 2025

Company Registration Number
01828990 (England and Wales)

Charity Registration Number
326652

Reference and administrative details

Members of the Council	Prof Mary Bishop (Deputy Chair) Prof Phil Cardew (Chair) Mr Kevin Everett Mr Marc Griffith Dr Esther Huertas Hidalgo Dr Stephen Jackson (Honorary Treasurer) Mrs Mariam Kilanava (Appointed April 2025) Mr Alam Mahbubal (Student member) Dr Anthony Manning (Chair of Accreditation Committee) Ms Ros Parker OBE (Appointed April 2025) Prof Rhys Rowland-Jones (Appointed April 2025) Dr Victoria Stec
Company Secretary	Dr Janet Bohrer
Registered office	First Floor Wax Chandlers Hall 6 Gresham Street London EC2V 7AD
Company registration number	01828990 (England and Wales)
Charity registration number	326652
Auditor	Buzzacott Audit LLP 130 Wood Street London EC2V 6DL
Solicitor	Bates Wells and Braithwaite London LLP 10 Queen Street Place London EC4R 1BE
Banker	CAF Bank 25 Kings Hill Avenue West Malling Kent ME19 4JQ
Investment manager	LGT Wealth Management UK LLP 14 Cornhill London EC3V 3NR
Key Management Personnel	Dr Janet Bohrer (Chief Executive) Diana Morriss (Chief Inspector) Lucy Fox (Deputy Chief Executive)

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Report of the Council Year to 31 August 2025

The members of the Council present their annual report together with the audited financial statements of the British Accreditation Council for Independent Further and Higher Education ('British Accreditation Council' or 'BAC') for the year ended 31 August 2025.

The financial statements have been prepared in accordance with the accounting policies set out on page 23 to 26 therein and comply with the charitable company's Memorandum and Articles of Association, applicable laws and the requirements of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102).

This report has been prepared in accordance with Part 8 of the Charities Act 2011 and constitutes a directors' report for the purposes of company legislation.

Structure, governance and management

The British Accreditation Council was incorporated on 29 June 1984 (Company No 1828990) and registered as a UK charity on 28 August 1984 (Charity No 326652). It is limited by guarantee without share capital. The liability of the members is limited to £10 each and accumulated funds are not distributable to the members.

The governing instrument under which the Company operates is its Memorandum and Articles of Association. Amended Articles of Association were approved by the charity on 19 October 2017 and 2 April 2018 by special resolution. The Articles of Association were reviewed in April 2021 and were considered fit-for-purpose.

The directors are treated as trustees for Charities Act purposes.

Members of the Council

The members of the Council are the Board of Trustees. The trustees who are currently in post, up to the date of approval of this report, are shown in the reference and administrative details at the front of this report.

The Articles of Association provide for a maximum of twelve directors. The trustees may appoint any director as a member of the Board of Trustees. The chair and deputy chair are appointed by the Board.

Dr Nicola Mellor resigned in the current year, at the end of her term on 31 October 2024.

Prof Mary Bishop was appointed Deputy Chair of Council in February 2025.

Three new trustees were recruited in April 2025:

Mrs Mariam Kilanava
Prof Rhys Rowland-Jones
Ms Ros Parker OBE

Induction and training of Council members

At the recruitment stage potential Council members are given extensive information about the organisation and are fully informed of the purpose and charitable objectives of BAC. Potential trustees are then invited to meet with the Standing Committee to discuss the challenges facing the organisation and their potential contribution to the charity. Following appointment and ratification by Council, induction meetings are organised for new members of Council and Accreditation Committee as appropriate.

Statement of Council's responsibilities

The Council members (who are also trustees and directors of the British Accreditation Council for Independent Further and Higher Education for the purposes of company law) are responsible for preparing the annual 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 Council members to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the income and expenditure of the charitable company for that period.

In preparing these financial statements, the Council members are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable to the United Kingdom and Republic of Ireland (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

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

Each of the Council members confirms that:

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

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

The Council members 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.

Governance

The governance structure consists of the Council, which is formed of the trustees, and acts as the Board of Directors. The Council meets three times a year.

The Chair of the Council is Prof Phil Cardew, appointed 1 September 2022.

The Council has three sub-committees. The Standing Committee meets between Council meetings to provide continuity and support the charity. The Standing Committee has, as members, the Chair of the Council, the Deputy Chair of the Council, the Honorary Treasurer and the Chair of the Accreditation Committee. Duties of nominations and governance are discharged by the Standing Committee.

The Audit and Risk Committee provides financial and regulatory oversight and is chaired by Dr Stephen Jackson (Honorary Treasurer) who is also a member of the Standing Committee.

The responsibility for decisions on accreditation is overseen by the Accreditation Committee (AC). The AC is appointed by the Council and consists of members appointed by virtue of their experience and expertise with regard to educational standards. Dr Anthony Manning is the Chair of the Accreditation Committee. The Accreditation Committee receives the reports of completed inspections and takes decisions on the award or withdrawal of accreditation, making its recommendations based on BAC's accreditation policy and procedures. It also regularly reviews the quality assurance criteria used by inspectors in making judgements and recommendations. The Committee has 6 online meetings and 4 offline meetings a year.

Mrs Claire Blanchard was appointed Deputy Chair of the Accreditation Committee in September 2025. This role was previously vacant.

Key management personnel

In the period of review, Council members consider that they, together with the Chief Executive, Deputy Chief Executive and the Chief Inspector, comprise the key management personnel of the charity. None of the Council members receive any remuneration from the charity in connection with their role as Council members.

As part of the annual review of salaries, all staff, including the Chief Executive, received a 5% increase in salary which was applicable from 1 September 2025. Other transactions with members of the Council are disclosed in note 6.

Fundraising statement

The charity does not actively undertake fundraising activities and does not employ the services of Professional Fundraisers. During 2024/25, the charity received no complaints about fundraising activities which is no change from the previous year.

Objectives and activities

The British Accreditation Council for Independent Further and Higher Education is registered for charitable purposes and its objects are:

- providing a system of accreditation for educational and training institutions in order to promote public confidence in such institutions and their programmes of study; and
- assisting in the improvement and maintenance of the standards of accredited institutions through the offer of advisory and consultancy services principally in the field of further and higher education.

Public benefit

The Council members have taken into regard the Charity Commission's guidance on public benefit and that all the Council's activities are directed to fulfilling its charitable objects of the improvement and maintenance of standards in independent further and higher education and training and that in doing so it is working for the public benefit. Some of these benefits are given below:

- The BAC accreditation mark provides students and potential students with an indication of quality.
- BAC inspections support the HM Government to protect the reputation of further and higher education and training in the UK by providing independent judgments, made on the basis of inspection by qualified and experienced inspectors, of the quality of provision of private institutions of further and higher education and training.
- The information, marketing and promotional work undertaken ensures that international students, agents and the education sector as a whole are aware of the range of institutions and courses available.
- Training events and webinars assist in the professional development of staff and institutions, thereby improving the quality of provision.
- The advice and support offered to institutions through informal and formal avenues provide them with guidance regarding good and best practice, thus helping to raise standards of provision.
- The complaints procedure provides students with a free and accessible means of resolving disputes with accredited institutions.

Achievement and performance

Accreditation and inspection activity

The table below gives details of the applications received, inspections carried out and awards of accreditation in the period 1 September 2024 to 31 August 2025 and compares these with the figures

from the previous year. There is a decrease in the overall number of accredited providers due to an increase in the number of forced withdrawals this year. Several providers were withdrawn for various reasons of non-compliance with BAC requirements such as failure to pay accreditation fees, failure to complete the re-accreditation process within the required timeline and/or lack of communication.

	September 2024 to August 2025	**September 2023 to August 2024**
New institutions awarded accreditation – UK	7	15
New institutions awarded accreditation –international	5	3
Total number of accredited institutions **	181	194
Number of international accredited institutions **	40	39
Withdrawals	25	19
Applications received from new institutions	18	16
Inspections conducted	55	86

***** numbers as of 31 August***

BAC's objectives 2024-25: Progress made

With regard to BAC's objectives for 2024/25, the following progress has been made:

Objectives	**Progress**
BAC will **invest in growth** by expanding products and services to add value to current accredited providers and to attract a wider range of new providers	• The BAC webinar series continued to be developed with good attendance from providers. • BAC developed and published on the website an AI charter. • The Accreditation Committee continued to publish meeting dates on the BAC website, which has allowed those being inspected to see when decisions will be made which has improved engagement with providers. • As the next BAC strategic plan is due from 2026 work began during the year to develop that new plan. To ensure that stakeholder feedback was considered, BAC held deep dive meetings with Standing Committee members, the Accreditation Committee members and inspectors at their annual event to assess the current BAC values and consider further ways on embedding diversification in what BAC offers.
BAC will continue to promote and be active in the quality assurance **Community**	• The European Association for Quality Assurance in Higher Education (ENQA) review process concluded positively this year. After a site visit in September 2024 renewed membership was endorsed by the ENQA Board in September 2025. BAC has been a member of ENQA since 2015 and this year starts the third cycle of ENQA membership. BAC used the outcome of this review for reconfirming European Quality Assurance Register for Higher Education (EQAR) registration, confirmed in June 2025. BAC's membership of ENQA and EQAR registration contributes to strategic direction-setting and guides work across all of BAC's activities. Both the ENQA and EQAR review reports are available on the BAC website. • During 2025 BAC established an AI working group consisting of providers, inspectors and Council members.

	The group is chaired by the Chair of the BAC Council and has discussed AI as it can influence BAC's work. • Our BAC Annual Stakeholder Event took place in May 2025. An external speaker attended to help BAC stakeholders better understand the changes happening in vocational education.
BAC will continue to **Grow and Diversify** especially Global and European activities	• The Micro-credentials (MC) Scheme pilot continues. We are reviewing the scheme and the process to decide the next steps for this scheme. • BAC staff attended ENQA workshops and events during the year.
BAC will actively engage in the development of its **Ethical responsibilities**	• BAC continues to focus on maintaining governance activity, which is appropriately streamlined, and on developing its operations via effective strategic planning and rigorous monitoring of BAC resources. During the year the Audit Committee added Risk to its title to more accurately reflect the work it undertook and we developed a risk dash board that could be updated to be discussed at every committee meeting. The Accreditation Committee Chair was invited to join the Standing Committee and a member of the Accreditation Committee was invited to act as deputy chair of the Accreditation Committee. All these changes together made our committees more resilient to being quorate when any specific individuals might be absent. • After an open call three new Trustees were interviewed and invited to join Council. • The terms of reference (ToRs) for each of the committees are reviewed on an annual basis for their continued fitness for purpose. Each of the ToR documents is publicly available and has been awarded a Crystal Mark by the Plain English Campaign. • The Health and Safety Policy and Health and Safety Handbook have been reviewed and updated.
BAC will continue to develop good practice in its use of **integrated use of the data and information** collected from BAC inspections and other work	• Work continued with transitioning data and processes into our CRM system. • A review of the BAC inspection process was completed June 2025 and along with the findings from this report and from the ENQA and EQAR review reports it will help determine the way forward for BAC as we develop our next strategic plan.

Risk management

The Council members have a duty to identify and review the risks to which the charity is exposed and to ensure appropriate controls are in place to provide reasonable assurance against fraud and error. The Council members delegate ongoing oversight to the Audit and Risk Committee for annual review to Council or reporting by exception. The Audit and Risk Committee meet regularly where risk mitigation activities and emerging risks are reviewed. The Audit and Risk Committee has a standing agenda item for every meeting to review a dashboard of risks and a paper focusing on a specific area, as appropriate.

The members of Council are satisfied with the measures employed to assess and address identified risks. The items below are listed in order of significance to the charity based on the mechanism used to assess the risk. When the new strategic plan has been developed the risk register and the identified risks highlighted below will be reviewed against that strategic plan.

Identified Risk	**Mitigating Actions**
Reputational damage arising out of inappropriate activity or behaviour	BAC has embedded integrity and transparency across all activities. All BAC representatives are DBS checked when working with under 18s. BAC has produced clear inspection guidelines and conducts monitoring inspections to ensure they are adhered to. The Bribery and Anti-Corruption policy is strictly enforced and monitored. BAC has the necessary legal insurance requirements and professional indemnity cover to provide financial support in the event BAC is accused of acting inappropriately.
Loss of key staff	We have Standard Operating Procedures (SOPs) for common processes so that other members of staff can take over when a staff member leaves BAC. We have introduced periodic benchmarking of salaries for job roles to ensure pay and other fiscal rewards are competitive. We periodically review the contract template and the Employee Handbook so we can be confident in our policies and procedures when recruiting to replace a member of staff. We have adopted a flexible working policy. Staff wellbeing is of high importance. We have a trained St John's Ambulance First Aider and a Mental Health First Aider on the staff team. The sickness policy is robust.
Change in government student visa regime	BAC has developed a range of value-added products including webinars and the Marketing Pack to attract and retain providers and reducing susceptibility to withdraw in the extreme event of BAC being removed from the list of UK government approved accrediting bodies. BAC has significantly increased due diligence in accepting new and re-accreditation applications and developed and implemented a more rigorous inspection process in order to build and maintain confidence in the inspection and accreditation process.

	We are diversifying income streams to reduce reliance on the UK market and limit the impact of an unexpected change in government policy.
Competition increases in the quality assurance arena	BAC conducts regular reviews of BAC processes to ensure they meet the needs of external stakeholders. BAC continues to develop products and processes to ensure they remain world leading in terms of quality assurance. We are working to improve the BAC profile in all markets in which we operate. We have built and continue to build and develop links with stakeholders through webinars, news updates and the Provider Journey. We maintain strict cost controls to allow competitive prices to be offered to existing and new providers. We are increasing investment in developing and promoting BAC across all markets.
Financial loss arising out of financial impropriety	BAC maintains a large financial reserve equivalent to 18 months of operating costs. BAC has extensive and transparent financial controls and by choice undergoes an external audit each year despite being below the audit threshold. BAC has independent auditors who have a reputation for independence and rigour. There is a division of responsibility between staff who deal with banking protocols and finances. BAC's external auditor makes recommendations on internal control that arise out of the external audit and with reference to sector best practice. Funds drawn down for the Development Fund are managed separately. The use/spending of the Development Fund is overseen by the Audit and Risk Committee. The investment portfolio has increased visibility in terms of where funds are invested as well as ethical screens and changes to investments can be made quickly through the investment manager.
Fraud	Audit and Risk Committee have delegated responsibilities from Council for oversight of detailed financial activities, including budget preparation and cashflow monitoring, and they report back to the Council. Finances are also a recurring item on the agenda of every Standing Committee and Council meeting. Where possible there is a separation of duties so no one individual has sole responsibility for the financial transactions of the organisation. Staff have undertaken information security training which included cyber awareness. All staff are expected to report anything suspicious and to communicate any irregular events or incidents.

Loss of ENQA Membership	A designated member of staff has key responsibilities relating to ENQA oversight. We give relevant members of staff the necessary time and resources to attend ENQA events and to keep up to date with ENQA membership requirements. The whole staff team is made aware of any specific activity relating to ENQA compliance and they take collective responsibility for providing information and evidence as and when necessary. We review BAC procedures to make sure they are ENQA compliant on a regular basis. We recruited a consultant to help us prepare for our ENQA review and subsequently our application for renewal for EQAR during 2024/25.
Loss of EQAR Listing	A designated member of staff has key responsibilities relating to EQAR oversight. We give relevant members of staff the necessary time and resources to attend EQAR events and to keep up to date with EQAR listing requirements. The whole staff team is made aware of any specific activity relating to EQAR compliance and they take collective responsibility for providing information and evidence as and when necessary. We recruited a consultant to help us prepare for our ENQA review and subsequently our application for renewal for EQAR in 2025.
Catastrophic infrastructure failure or cyber attack	All data is now backed up offsite. Key IT infrastructure is now in the Cloud with greater security and multiple backup processes. Financial information is now held in the Cloud via Xero and is considered to be as secure as is feasibly possible for an organisation of BAC's size. In the event of damage to or no access to premises, BAC telephone services have been rerouted to temporary accommodation. The policy is for staff not to leave their laptops in the office overnight so they can work remotely at short notice. We have implemented Multi Factor Authentication for our devices and Microsoft 365 with our IT support provider.
Significant and prolonged downturn in stock markets negatively impacting BAC investments and reducing capital to invest	We take expert advice on management of BAC investments. We have moved the portfolio to direct investments with more transparency and with better annual performance overall compared to the previous portfolio. We have the flexibility to make changes almost immediately.

	Investment performance is monitored by the Audit and Risk Committee.
International Recession	We maintain awareness of leading economic indicators. We maintain close links with the sector to monitor sector feedback. We continue to provide added value activities thereby increasing the value of BAC accreditation. We continue to communicate the value of accreditation to BAC providers, educators, students and governments.
Global economic crisis	Robust banking arrangements and appropriate insurance are in place. We can adapt financial arrangements to support providers such as dormancy criteria, payment plans and postponement of inspections on a case-by-case basis.
Regulatory Framework in the UK changes	We maintain awareness of the political debate. We identify possible outcomes of different scenarios. We review the impact of possible scenarios on a regular basis to monitor the impact on BAC accredited institutions or on the impact on BAC's right to conduct accreditation activities.
National or global pandemic	We continue to develop our digitised processes to ensure remote working online can be applied to all BAC operations. We have introduced flexible working arrangements for staff and can implement full-time home working at short notice. The office arrangements and equipment are suitable for socially distanced working. Key staff undertake relevant Health and Safety training as necessary. We continue to receive Health and Safety and HR support services and advice from Worknest. We have communicated to staff what support there is for wellbeing, there is an updated Employee Handbook, an Employee Assistance Programme that offers counselling and a 24hr support line and we have a trained Mental Health First Aider on the team. We can adapt financial arrangements to support providers such as dormancy criteria, payment plans and postponement of inspections on a case-by-case basis.
In-country conflict and instability	We assess risks and practical implications of implementing our processes when assessing eligibility during enquiry process.
Post-Brexit UK visa/border rules change	We will ensure we provide invitation letters to international visitors coming to the UK for BAC activities or events.

Future plans

The Strategic Plan 2021-2026 is a five-year plan and detailed objectives and activities are monitored through an internal three-year action plan. This year we have started planning for the next Strategic Plan and started to make some internal changes to accommodate that next strategic phase by recruiting two new members of staff to work in our accreditation team. They will join BAC in 2026.

BAC objectives for 2023-25 are as follows:

Objectives	Proposed actions
BAC will **invest in growth** by expanding products and services to add value to current accredited providers and to attract a wider range of new providers	• We will complete the review of the MC scheme and if successful will be added to our existing suite of schemes and marketed as necessary. • We will strengthen the use of the Common Quality Framework, to add value to accredited providers as well as to attract new providers. • We will update the website and develop a plan for long term improvements. • We will develop further support for providers e.g., potential training module.
BAC will continue to promote and be active in the quality assurance **Community**	• We will continue our schedule of webinars. • The Annual Stakeholder Event will take place again in April/ May 2026. • We will build on the outcome of the review by The European Association for Quality Assurance in Higher Education (ENQA) and introduce oversight of actions and recommendations for further development from ENQA and from the review of our inspection processes in the development of all BAC inspection schemes. • We will look for further opportunities to attend conferences and/or contribute papers.
BAC will continue to **Grow and Diversify** especially Global and European activities	• We will continue to build on successful international inspections, developing regional activities and potential working with ministries through free and paid projects including contributing to international Memorandum of Understandings with other quality assurance agencies. • We will continue to develop a portfolio of activities to actively promote BAC.
BAC will actively engage in the development of its **Ethical responsibilities**	• The review of our working practices will continue including updating our Data Protection policies and procedures and business continuity and cyber security plans. • We will calculate our carbon footprint and take steps towards zero carbon emissions. • We will look to implement ways in which we can lead in the promotion of environmental responsibility and being open about our sustainable development goals.

	• We will continue to review value for money from our suppliers whilst also recognising London Living Wage hourly rates.
BAC will continue to develop good practice in its use of **integrated use of the data and information** collected from BAC inspections and other work	• The implementation of the CRM will be complete, and we will monitor its use and look for further ways it can improve our operations. • We will focus on the report process for inspections and process them using Sharepoint and all information uploaded to an online portal. • We will consider how to produce thematic reports and use them to influence the direction for development of inspection methodologies as well as themes for enhancement workshops. • We will conduct governance reviews as endorsed by Charities Good Practice and as preparation for increased work with a potential growth of activities.

Financial review

A summary of the year's results can be found on page 20 of the financial statements. The deficit for the year before gains on investments was £54,220 (2024 – £51,739).

The total income for the year is £781,828, an increase of £36,438 over the previous year (2024 - £745,390). This is a positive sign and suggests the charity has stable and growing income stream.

During the period under review, expenditure has increased approximately by £38,919 which was expected. This is a result of inflationary effects on running costs, increased costs related to inspections.

The net deficit for the year was (£45,007) after a gain on investments of £9,213 (2024 – Net income for the year was £88,404 after gain on investments of £140,143).

Income

Accreditation fees

The income generated from accreditation fees has seen an improvement of approximately 8%, with a total of £460,910 in 2025, as compared to £426,205 in 2024. This is a result of a 5% increase in accreditation fees set in place in the previous year and new providers who have successfully achieved the BAC accreditation.

Inspection Fees

Inspection fee income has increased in the year by 1% to £247,736 (2024 – 12%, £245,171).

Other Income

The performance of our fixed asset investment portfolio has slightly improved, resulting in a net gain of £9,213 during the period under review (2024 – net gain of £140,143).

Expenditure

Charitable Activities

Direct expenditure includes the cost of conducting inspections of accredited organisations, offering workshops to providers on a range of issues and the improvement of internal capabilities. These costs

are linked to the projects that expand the charity's work and the number of inspections it conducts. The amount spent on these activities is affected by how many inspections happen in the year. Direct expenditure has decreased by circa 4% as predicted in the previous year, 2025 – £191,796 (2024 – £183,731).

Staff Costs and Running Costs

The total costs associated with staffing have increased in 2025 - £448,475 (2024 – £437,487).

Running costs and other support costs have increased in the year, 2025 - £194,902 (2024 – £174,971). This increase in expenditure was expected as result of inflation.

Investment policy

The value of BAC's investments holding is a mixture of equities, fixed income and cash held for investment purposes. The market value at the reporting date stands at £1,151,920 in 2025 (2024 – £1,207,484). BAC's investments were held in a managed investment portfolio by LGT Wealth Management UK LLP.

The investment policy aims to generate capital growth over the medium to long term, without exposing BAC to the risks and volatility associated with a wholly equity focused portfolio. The Council members are satisfied with the performance of the investment portfolio during the year.

The charity also has cash at bank and in hand of £246,007 (2024 – £195,910). The liquidity risk is managed by maintaining a balance between the continuity of funding and flexibility of access to funds.

Reserves policy

The members of council consider that free reserves of the charity should represent at least six months' expenditure, equating to approximately £450,000, to ensure that the organisation can cope with all financial commitments without recourse to borrowing.

The free reserves on 31 August 2025 were £1,039,803 (2024 – £1,081,642) which exceeds the target level of reserves stated in the reserves policy. However, the Council members consider it appropriate to hold reserves in excess of the target, in consideration of the strategic objectives to be achieved and forecasted financial position over the short, medium, and long term along with the consequences of current world events, and the reserves policy reflects only the minimum level of free reserves required.

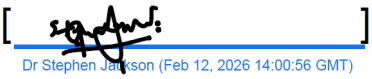
The Council will proactively assess the need for measures to mitigate the potential loss of funding resulting from providers unable to continue operations in the coming year. While it is possible that the effects of this may have a secondary impact on BAC, the Council will remain vigilant in monitoring the situation and have not deemed it necessary to utilise any more reserves than already approved in the current year.

Going Concern

The Trustees are required to confirm that it is appropriate for the BAC to adopt the going concern principle in preparing its accounts. Based on the viability review and taking into consideration the BAC closing reserves and strong cash position, the Trustees of the British Accreditation Council have reasonable expectation that the charity will continue to operate for the 12 months from the signature of this report.

As such the Trustees of the BAC continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Approved by the Council on 12/02/2026 and signed on its behalf by:

[]

Dr Stephen Jackson (Feb 12, 2026 14:00:56 GMT)

Dr Stephen Jackson

Independent auditor's report to the members of British Accreditation Council

Opinion

We have audited the financial statements of British Accreditation Council (the 'charitable company') for the year ended 31 August 2025 which comprise the statement of financial activities, the balance sheet, the statement of cash flows, the principal accounting policies and notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2025 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusion relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Annual Report and Financial Statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:

- the information given in the trustees' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the trustees' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the trustees' report and from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

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

- the Senior Statutory Auditor ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations; and

- we obtained an understanding of the legal and regulatory frameworks that are applicable to the charitable company and determined that the most significant frameworks which are directly relevant to specific assertions in the financial statements are those that relate to the reporting framework (Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), Companies Act, and the Charities Act) as well as data protection regulations.

Auditor's responsibilities for the audit of the financial statements (continued)
We assessed the susceptibility of the charity's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

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

- performed analytical procedures to identify any unusual or unexpected relationships.
- carried out substantive testing of expenditure including the authorisation thereof.
- reviewed journal entries to identify unusual transactions and substantiated these where appropriate; and
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias.

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

- review of the minutes of meetings of those charged with governance; and
- enquiring of management as to actual and potential litigation and claims.

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

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

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

Independent Auditor's Report Year to 31 August 2025

Use of our report

This report is made solely to the charitable company's member, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's member those matters we are required to state to it 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 member, for our audit work, for this report, or for the opinions we have formed.

Buzzacott Audit LLP

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

Date: 12 February 2026

Statement of financial activities (including income and expenditure account) Year to 31 August 2025

	Notes	**Total 2025 £**	Total 2024 £
Income from:			
Charitable activities			
. Accreditation and inspection fees	1	**746,013**	706,806
Investments	2	**35,815**	38,584
Total income		**781,828**	745,390
Expenditure on:			
Raising funds		**7,791**	7,871
Charitable activities			
. Accreditation and inspection		**828,257**	789,258
Total expenditure	3	**836,048**	797,129
Net expenditure before gains on investments		**(54,220)**	(51,739)
Gains on investments	10	**9,213**	140,143
Net (expenditure)/income and net movement in funds		**(45,007)**	88,404
Reconciliation of funds			
Total funds brought forward		1,117,135	1,028,731
Total funds carried forward		**1,072,128**	1,117,135

All of the charity's activities derived from continuing operations during the above two financial periods, Furthermore, all income and expenditure relates to unrestricted funds in both current and prior period.

The charity has no recognised gains or losses other than those shown above.

Balance sheet 31 August 2025

	Notes	2025 £	2025 £	2024 £	2024 £
Fixed assets					
Intangible fixed assets	8	**7,371**		11,217	
Tangible fixed assets	9	**13,499**		2,921	
Investments	10	**1,151,920**		1,207,484	
			1,172,790		1,221,622
Current assets					
Debtors due after more than one year	11	**11,941**		-	
Debtors due within one year	12	**51,079**		41,396	
Cash at bank and in hand		**246,007**		195,910	
		309,027		237,306	
Creditors: amounts falling due within one year	13(a)	**(399,396)**		(341,793)	
Net current liabilities			**(90,369)**		(104,487)
Creditors: amounts falling due after one year	13(b)		**(10,293)**		-
Total net assets			**1,072,128**		1,117,135
The funds of the charity					
Unrestricted funds					
. General funds			**1,039,803**		1,081,642
. Designated funds	14		**11,455**		21,355
. Fixed asset fund	15		**20,870**		14,138
Total funds			**1,072,128**		1,117,135

The financial statements were approved by the Council and were signed on its behalf by:

Dr Stephen Jackson (Feb 12, 2026 14:00:56 GMT)

Dr Stephen Jackson

Date: [12/02/2026]

Company Registration Number 01828990 (England and Wales)

	Notes	2025 £	2024 £
Cash flows from operating activities:			
Net cash (used in) operating activities	A	**(33,920)**	(73,526)
Cash flows from investing activities:			
Purchase of tangible fixed assets		**(16,575)**	—
Investment income received		**35,815**	38,584
Proceeds from sale of investments		**547,386**	174,899
Purchase of investments		**(477,889)**	(109,500)
Net cash provided by investing activities		**88,737**	103,983
Change in cash and cash equivalents in the year		**54,817**	30,457
Cash and cash equivalents at 1 September 2024	B	**234,319**	203,862
Cash and cash equivalents at 31 August 2025	B	**289,136**	234,319

Notes to the statement of cash flows for the year to 31 August 2025

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

	2025 £	2024 £
Net movement in funds (as per the statement of financial activities)	**(45,007)**	88,404
Adjustments for:		
Amortisation charge	**3,846**	3,846
Depreciation charge	**5,997**	6,165
Net (gains) on investments	**(9,213)**	(140,143)
(Increase) in debtors	**(21,624)**	(3,860)
Increase in creditors	**67,896**	10,646
Investment income receivable	**(35,815)**	(38,584)
Net cash (used in) operating activities	**(33,920)**	(73,526)

B Analysis of cash and cash equivalents

	2025 £	2024 £
Cash at bank and in hand	**246,007**	195,910
Cash Held in Listed Investments	**43,129**	38,409
Total cash and cash equivalents	**289,136**	203,862

C Analysis of changes in net debt

	At 1 September 2024	Cash flows	**At 31 August 2025**
Cash at bank and in hand	195,910	50,097	**246,007**
Cash Held in Listed Investments	38,409	4,720	**43,129**
Total	234,319	54,817	**289,136**

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

Basis of preparation

These financial statements have been prepared for the year to 31 August 2025 and are presented in sterling rounded to the nearest pound.

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

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

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

Critical accounting estimates and areas of judgement

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

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

- estimating the useful economic life of tangible fixed assets.
- estimating the useful economic life of intangible fixed assets.
- estimating the provision for costs associated with the membership review by the European Association for Quality Assurance in Higher Education (ENQA).

Assessment of going concern

The Council members have assessed whether the use of the going concern assumption is appropriate in preparing these financial statements. The Council members have made this assessment in respect to a period of one year from the date of approval of these financial statements.

The Council members of the charity have concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the charity to continue as a going concern. In making this assessment the trustees have considered the impact of longer-term impacts of world events. In response, the charity has taken steps to ensure that there are sufficient levels of cash available as outlined in the trustees' report. Members of the Council are of the opinion that the charity will have sufficient resources to meet its liabilities as they fall due.

Assessment of going concern (continued)

The net current liabilities position is due to advanced payments received for 2025/26 annual accreditation fees and inspections planned to take place in the next financial year.

The most significant areas of judgement that affect items in the financial statements are detailed above. With regard to the next accounting period, the year ending 31 August 2026, the most significant areas that affect the carrying value of the assets held by the charity are the level of investment return and the performance of the investment markets (see the investment policy of the Report of the Council for more information).

Income recognition

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

Income comprises fees from inspections and accreditations, consultancy contracts, investment income and grants.

Accreditation and inspection fees are recognised when they have been earned. For inspection fees, entitlement is measured with reference to the date that the inspection takes place.

Income of a contractual nature is recognised to the extent that it is probable that the economic benefits will flow to the charitable company and the revenue can be reliably measured. It is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value-added tax and other sales taxes.

Dividends are recognised once the dividend has been declared and notification has been received of the dividend due. Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charitable company; this is normally upon notification of the interest paid or payable by the bank.

Donations and grants are recognised on a receivable basis (where there are no performance-related conditions) where the receipt is probable, and the amount can be reliably measured.

Expenditure recognition

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

Expenditure is classified under headings that aggregate all costs related to the category. Where costs cannot be directly attributed to particular headings, they have been allocated to activities on a basis consistent with the use of resources.

Governance costs, comprising the costs involved in the public accountability of the charity (including audit costs) and costs in respect to its compliance with regulation and good practice, are allocated to the cost of charitable activities.

Intangible fixed assets

Intangible assets comprise of purchased computer software licences and any costs directly attributable to bringing the licences into use, such as configuration or implementation costs.

The costs of acquiring the software licences are capitalised where all the criteria in FRS 102 are met. Intangible assets are capitalised where expenditure of £3,000 or more is incurred.

Intangible assets are included initially at cost, Intangible assets are amortised on a straight-line basis over the life of the licence, currently standing at 20% per year, or the period over which the British Accreditation Council anticipates using the asset over its useful life. Amortisation charges are included in expenditure on charitable activities, as either direct costs or support costs, according to the activity that the underlying asset is used to deliver.

Tangible fixed assets

Items are capitalised where the purchase price exceeds £250. Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Computer equipment and office furniture	33% on cost
Fixtures and fittings	Straight line basis over the lease term (44 months).

Fixed asset investments

Fixed asset investments consist of listed investments.

Listed 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.

The main form of financial risk faced by the charity is that of fluctuations in equity and investment markets due to wider economic conditions, the attitude of investors to investment risk, and changes in sentiment concerning equities within particular sectors or sub sectors.

Realised gains (or losses) on investment assets are calculated as the difference between disposal proceeds and their opening carrying value, or their purchase value if acquired subsequent to the first day of the financial year. Unrealised gains and losses are calculated as the difference between the fair value at the year end and their carrying value at that date. Realised and unrealised investment gains (or losses) are combined in the statement of financial activities and are credited (or debited) in the year in which they arise.

Debtors

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

Cash at bank and in hand

Cash at bank and in hand represents such accounts and instruments that are available on demand or have a maturity of less than three months from the date of acquisition. Deposits for more than three months but less than one year have been disclosed as short-term deposits.

Creditors and provisions

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

Taxation

The British Accreditation Council is a registered charity and therefore is not liable to income tax or corporation tax on income derived from its charitable activities, as it falls within various exemptions available to registered charities.

Fund accounting

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the Council members. Designated funds which are set aside at the discretion of the Trustees for a specific purpose, or where funds are effectively constrained by their application in operational fixed assets.

The fixed asset fund represents the net book value of the fixtures, fittings, office furniture, computer equipment of the charity and intangible assets referring to software licenses. Such assets are vital to the charity being able to carry out its work and the value invested in the assets cannot, therefore, be realised in order to meet future expenditure or liabilities. To emphasise this point, the net book value of the assets is represented by a specific fixed asset fund on the balance sheet.

The trustees have designated funds of £75,000 in previous years for the purpose of developing internal capabilities and new provider schemes and any application of designated funds are set out in note 14 to the accounts.

Pension costs and other post-retirement benefits

The charity operates a defined contribution pension scheme. Contributions payable to the charity's pension scheme are charged to the statement of financial activities in the period to which they relate.

Notes to the financial activities Year to 31 August 2025

1 Income from charitable activities – Accreditation and inspection fees

	2025 £	2024 £
Accreditation Fees UK	**460,910**	426,205
Inspection Fees UK	**247,736**	245,171
Application Fees	**9,367**	7,350
Other Fees	**28,000**	28,080
	746,013	706,806

2 Investment income

	2025 £	2024 £
Interest receivable	**3,539**	3,267
Dividends from investment portfolio	**32,276**	35,317
	35,815	38,584

3 Expenditure on:

		Support costs				
	Direct costs £	Running costs £	Finance £	Staff costs £	**2025 Total £**	2024 Total £
Raising funds						
. Investment manager fees	7,791	—	—	—	**7,791**	7,871
Accreditation and inspection:						
. Accreditation and inspection delivery	181,209	160,677	875	448,475	**791,236**	757,822
. Bad debts	2,796	—	—	—	**2,796**	2,984
. Governance (note 4)	—	34,225	—	—	**34,225**	28,452
	191,796	194,902	875	448,475	**836,048**	797,129

		Support costs				
	Direct costs £	*Running costs £*	*Finance £*	*Staff costs £*	*2024 Total £*	*2023 Total £*
Raising funds						
. Investment manager fees	*7,871*	—	—	—	*7,871*	*7,536*
Accreditation and inspection:						
. Accreditation and inspection delivery	*172,876*	*146,519*	*940*	*437,487*	*757,822*	*730,548*
. Bad debts	*2,984*	—	—	—	*2,984*	—
. Governance (note 4)	—	*28,452*	—	—	*28,452*	*25,487*
	183,731	*174,971*	*940*	*437,487*	*797,129*	*763,571*

4 Governance costs

	2025 £	2024 £
Legal and professional fees	**13,913**	8,996
Council Expenses	**3,278**	3,342
Accountancy fees	**2,034**	2,014
Auditor's remuneration	**15,000**	14,100
	34,225	28,452

5 Net expenditure

	2025 £	2024 £
Net expenditure is stated after charging:		
Auditor's remuneration – statutory audit		
. Current year	**15,000**	14,100
. Prior Year	**—**	—
Amortisation	**3,846**	3,846
Depreciation	**5,997**	6,165

6 Transactions with Council members and key management personnel

The Council members consider that they, together with the Chief Executive, Chief Inspector and the Deputy Chief Executive, comprise the key management personnel of the charity in the period under review. The total remuneration of the key management personnel for the year (including taxable benefits and employer's pension and national insurance contributions) was £172,855 (2024 – £170,211).

The 11 Council members received no remuneration or other benefits for the year ended 31 August 2025 (2024 – £nil).

Expenses were reimbursed to 3 Council members for out-of-pocket expenses of £924 (2024 – £599 to four Council members).

Notes to the financial activities Year to 31 August 2025

7 Staff costs

	2025 £	2024 £
Wages and salaries	**364,210**	361,521
Social security costs	**42,817**	33,101
Pension costs	**33,564**	32,654
Agency & Freelance staff	**7,885**	10,211
	448,475	437,487

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

	Average headcount	
	2025 No.	2024 No.
Administration/ management	**5**	5
Inspection	**2**	2
Accreditation	**2**	2
	9	9

The were no employees (2024 - none) who earned £60,000 per annum or more (including taxable benefits but excluding employer pension contributions).

8 Intangible fixed assets

	Software Licenses £	**Total £**
Cost		
At 1 September 2024	19,228	**19,228**
Additions	—	**—**
At 31 August 2025	19,228	**19,228**
Amortisation		
At 1 September 2024	8,011	**8,011**
Charge for the year	3,846	**3,846**
At 31 August 2025	11,857	**11,857**
Net book value		
At 31 August 2025	7,371	**7,371**
At 31 August 2024	11,217	**11,217**

9 Tangible fixed assets

	Computer equipment and office furniture £	Fixtures and fittings £	**Total £**
Cost			
At 1 September 2024	54,361	16,208	**70,569**
Additions	16,575	—	**16,575**
Disposals	(1,322)	—	**(1,322)**
At 31 August 2025	69,614	16,208	**85,823**
Depreciation			
At 1 September 2024	52,913	14,735	**67,648**
Charge for the year	4,524	1,473	**5,997**
Eliminated on Disposal	(1,322)	—	**(1,322)**
At 31 August 2025	56,115	16,208	**72,324**
Net book value			
At 31 August 2025	13,499	—	**13,499**
At 31 August 2024	1,448	1,473	**2,921**

10 Fixed assets investments

	2025 £	2024 £
Market value		
At 1 September 2024	**1,169,075**	1,094,331
Additions at cost	**477,889**	109,500
Disposal at opening market value (proceeds £547,386; gain £1,200)	**(546,186)**	(182,027)
Net unrealised gain	**8,013**	147,271
At 31 August 2025	**1,108,791**	1,169,075
Cash held within listed investments	**43,129**	38,409
	1,151,920	1,207,484
Cost		
At 31 August 2025	**971,208**	1,058,555
At 31 August 2024	**1,058,555**	1,106,858

	Total 2025 £
Unrealised gains included above on listed investments (see below)	**137,583**
Reconciliation of movements in unrealised gains on investments	
Unrealised gains at 1 September 2024	**110,520**
Unrealised losses brought forward and losses realised in the year	**19,050**
Net unrealised losses in the year	**8,013**
Unrealised gains at 31 August 2025	**137,583**

10 *Fixed assets investments (continued)*

The following holdings comprised a material holding when compared to the value of the total listed investment portfolio at 31 August 2025:

	Market Value £	%
Institutional Cash Series Plc Blackrock	90,122	8
Capital Group Global Corporate Bond	70,065	6

Listed investments at 31 August 2025 comprised the following:

	2025 £	2024 £
Alternative Strategies	**90,122**	77,121
Overseas Equities	**688,407**	510,992
UK Equities	**163,818**	159,380
UK Fixed Interest	**166,444**	421,582
	1,108,791	1,169,075
Capital & Cash Account	**43,129**	38,409
	1,151,920	1,207,484

11 Debtors: amounts falling due after one year

	2025 £	2024 £
Other Debtors	**11,941**	-
	11,941	-

Other debtors consist of a repayable deposit paid to secure the leasehold contract for the head office premises.

12 Debtors: amounts falling due within one year

	2025 £	2024 £
Charitable activity debtors	**32,336**	10,065
Prepayments and accrued income	**18,743**	19,390
Other Debtors	**—**	11,941
	51,079	**41,396**

Other debtors consist of a repayable deposit paid to secure the leasehold contract for the head office premises.

Notes to the financial activities Year to 31 August 2025

13 (a) Creditors: amounts falling due within one year

	2025 £	2024 £
Charitable activity creditors	**23,884**	12,496
Social security and other taxes	**32,727**	21,389
Accruals	**23,793**	23,728
Deferred income	**316,746**	283,128
Other creditors	**2,246**	1,052
	399,396	341,793

Deferred income relates to inspection fees received in advance of inspections taking place and accreditation fees paid in advance for the next academic year. Movements on deferred income are shown below:

	2025 £
Deferred income at 1 September 2024	**283,128**
Resources released in the year	**(283,128)**
Resources deferred in the year	**316,746**
Deferred income at 31 August 2025	**316,746**

13 (b) Creditors: amounts falling due after one year

	2025 £	2024 £
Provisions	**10,293**	—
	10,293	—

The trustees have acknowledged their responsibility to uphold and enhance the standards and quality of Higher and Further Education at a global level. In order to meet this obligation to its stakeholders, the charity strives to maintain membership with the European Association for Quality Assurance in Higher Education (ENQA) and to be listed on the European Quality Assurance Register for Higher Education (EQAR). ENQA conducts a review of its members every five years, which is associated with a cost of approximately £51,466. The most recent ENQA review was in 2024 when the provision held was fully utilised.

14 Designated funds

	Sep-24	New designations	Utilised / Released	Sep-25
	£	£	£	£
The Development Fund	21,355	—	(9,900)	11,455
	21,355	**—**	**(9,900)**	**11,455**

To support our growth activities, BAC has drawn down funds from our investment income to create 'The Development Fund', which is being regularly monitored by the Audit and Risk Committee. The fund has been used or allocated for several projects, all linked to the Strategic Plan.

Unused funds are expected to be utilised within a time frame of 1 year from the reporting date.

15 Fixed asset fund

	Total £
At 1 September 2024	**14,138**
Net movements in year	**6,732**
At 31 August 2025	**20,870**

The fixed assets fund represents the net book value of the charity's fixed assets. The fund recognises the fact that the assets are required for the day-to-day operation of the charity and are not available for other purposes or as a general reserve.

16 Related party transactions

Dr Esther Huertas is on the council of trustees for BAC and European Network for Quality Assurance in Higher Education (ENQA). The BAC are a registered member association of ENQA and make annual payments for membership and recognise a constructive obligation to undergo a membership review every 5 years. Total expenditure related to ENQA in the year was for £4,575 annual membership fees with no outstanding amounts at year end (2024: total ENQA expenditure of £22,217, none outstanding at year end).

Dr Anthony Manning is on the Council of trustees for BAC and representative speaker for the UK Council for International Student Affairs (UKCISA). BAC were not members during 2025 as UKCISA were reviewing their corporate and educational sector organisation and memberships were on hold for this period. Membership fee due in the year was £nil (2024: £584). Dr Victoria Stec, a member of the council of trustees, was commissioned to conduct an internal review of the inspection process during the reporting period and received £9,000 for this work (2024: £nil). Dr Stec was selected for the project because of her relevant experience and expertise. No amounts were outstanding at year end (2024: none).

Council of Validating Universities has a secretariat agreement with the BAC, as a result of this relationship Dr Janet Bohrer has been appointed as secretary of CVU, the reason for this is so she may carry out the obligations agreed between CVU and BAC, only when instructed by the council members of CVU. The total income received by the BAC is £28,000 (2024: £28,000). There are no outstanding debts due at the end of the year (2024: none).

Other than as set out above and in note 6, there were no other transactions between the charity and any of its related parties.

17 Ultimate controlling party

The charity is under the ultimate control of the Council members.

18 Financial commitments

At 31 August 2025 the charity had total commitments under non-cancellable operating leases as follows:

	2025 Land and buildings £	2024 Land and buildings £
Operating lease payable		
Within one year	**47,765**	13,467
Between 2 to 5 years	**155,236**	—

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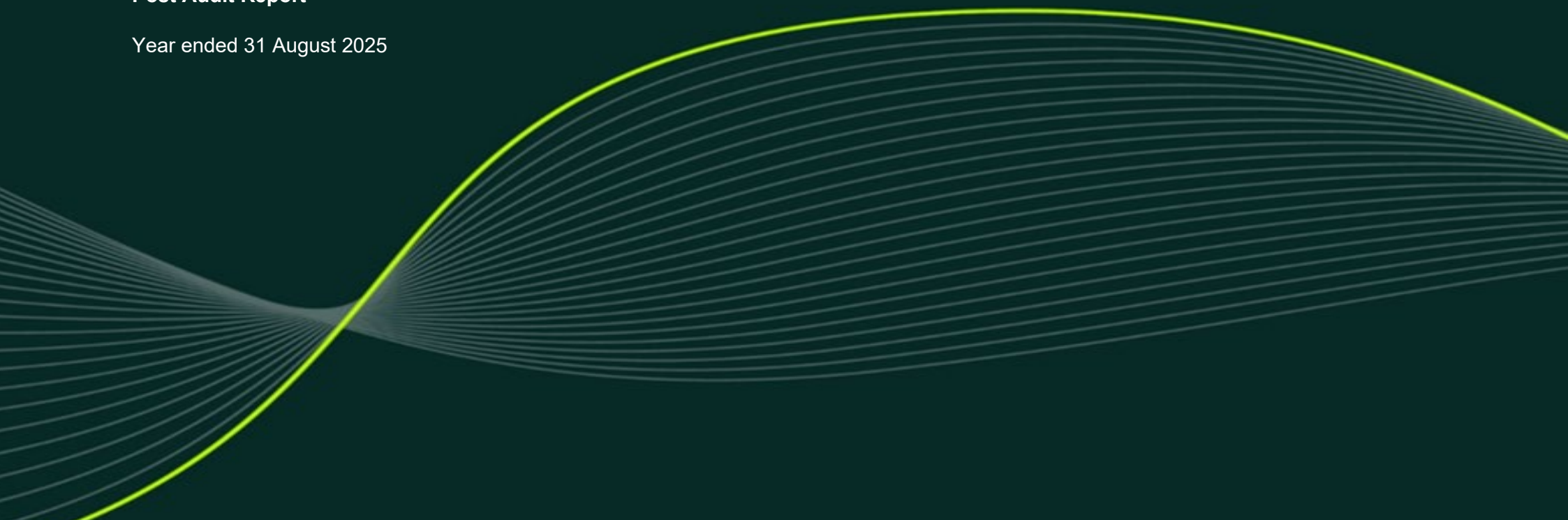
British Accreditation Council

Post Audit Report

Year ended 31 August 2025



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The Trustees
British Accreditation Council
Wax Chandlers Hall
6 Gresham Street
London
EC2V 7AD

12 February 2026

Post-audit management report for British Accreditation Council for the year ended 31 August 2025

This post-audit management report presents the observations and matters which came to our attention during our audit, which are considered to be significant, as required by International Standard on Auditing (UK) 260.

The audit of the financial statements does not relieve management or those charged with governance of their responsibilities for the preparation of the financial statements.

We would like to take this opportunity to thank the finance team for their assistance provided during the course of our audit.

Buzzacott Audit LLP

Alison Pyle

for Buzzacott Audit LLP

Independent Member of PrimeGlobal | The Association of Advisory and Accounting Firms

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Buzzacott Audit LLP, 130 Wood Street,
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Executive summary

Purpose of the external audit

The purpose of this report is to bring to the attention of the Trustees as those charged with governance and management the findings from our recent audit of the financial statements of British Accreditation Council, for the year ended 31 August 2025, for your consideration and to enable you to address matters arising where appropriate. Throughout this report, “you” and “your” refer to the British Accreditation Council. “We” and “our” refer to Buzzacott Audit LLP.

We appreciate that you will already be aware of some of the matters contained in this report. However, in accordance with International Standards on Auditing (UK) (ISAs) we are communicating them to you formally.

As auditor, we are responsible for performing the audit in accordance with ISAs (UK), which is directed towards forming and expressing an opinion on the financial statements for the year ended 31 August 2025 that have been prepared by management with the oversight of those charged with governance, and other matters required by legislation.

Our work has been carried out in accordance with our audit planning letter dated 16 October 2025. We summarise our main findings below and provide more detail in the following pages.

In summary, we report that:

- there are currently no significant unresolved matters;
- monetary adjustments and presentational updates identified in the audit have been set out in appendix 1, and none remain unadjusted;
- the key risk areas highlighted during our planning process have been adequately addressed during our audit work;
- our work highlighted no significant deficiencies in the systems operated by the charity; and
- we issued an unqualified and unmodified audit opinion on the accounts.

The matters raised in this report have been discussed with Janet Bohrer, Lucy Fox, Dinesh Thakur, and Adam Maiy.

Audit progress

Although there were some delays in this year's process relating to the preparation of the statutory accounts and schedules, we are pleased to report that our work is substantially complete.

We would like to take this opportunity to thank all those with whom we dealt during the audit for their assistance and co-operation, in particular Lucy Fox, Dinesh Thakur, and Adam Maiy.

Auditor's report

We do not propose any modifications to our audit opinion and, therefore, we issue an unqualified opinion in our auditor's report. The wording of our auditor's report is unchanged from last year.

Accounting and internal controls systems

Our work during the audit included an examination of some of the charity's transactions, procedures and controls with a view to expressing an opinion on the financial statements for the year ended 31 August 2025.

This work was not directed primarily towards discovering weaknesses, other than those that would affect our audit opinion, or towards the detection of fraud. We have included in this report only matters that have come to our attention as a result of our normal audit procedures and consequently our comments should not be regarded as a comprehensive record of all weaknesses that may exist or of all improvements that might be made.

We found no significant deficiencies in the accounting and internal control systems during our audit.

However, we have made some recommendations for improvements, which are set out in the key audit findings section of this report and in detail in Appendix 2.

Prior year's post audit report

We are pleased to report that the matters raised in our report last year have been satisfactorily dealt with.

Accounting policies, accounting estimates and disclosures

The accounting policies used in preparing the financial statements are unchanged from the previous year.

Our work included a review of the adequacy of disclosures in the financial statements and consideration of the appropriateness of the accounting policies and estimation techniques adopted by the charity.

We found the disclosed accounting policies, significant accounting estimates and the overall disclosure and presentation to be appropriate for the charity.

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Key audit findings

Annual Report and Financial Statements format

The financial statements have been prepared, as last year, in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice (Charities SORP FRS 102).

There are no significant changes to the format of the financial statements this year.

Adjustments made during the audit

Other than presentational and reclassification adjustments, which have no impact on the reported results for the year, there were no adjustments made to the figures presented to us for audit. The presentational amendments made are set out in Appendix 1 to this report.

Unadjusted misstatements

We are pleased to report that we found no misstatements during our audit for the period that remain unadjusted.

Materiality

Materiality threshold £15,625

Reporting threshold: £780

Materiality refers to the relative significance of a particular matter in the context of the financial statements as a whole. An item would be considered material if its omission or its erroneous inclusion would reasonably influence the decisions of those using the financial statements.

We are required to report corrected audit misstatements, and uncorrected audit misstatements in excess of our reporting threshold which is set at 5% of overall materiality.

Our materiality threshold is based on 2% of operational income. A lower level of materiality may be selected for specific areas of the financial statements and for some disclosure items e.g. transactions and other financial arrangements with trustees and their connected persons.

When considering the impact of misstatements discovered during the course of our audit and considering the implications for our report of such misstatements, we will refer to this level amongst other things. Whether a misstatement is ‘material’ or not is ultimately down to the auditor’s judgement.

Observations and recommendations on the accounting system and financial reporting function

The table below provides a summary of any observations made concerning weaknesses in the charity's accounting and internal control systems.

Observations included in the "A" grade (red) banding indicate that, in our opinion, there is a risk of significant financial impact on the charity that must be addressed immediately.

"B" grade (orange) banding recommendations relate to those issues where there is a risk of moderate financial impact on the [charity/company], such as a control failure or the absence of a control in an area of moderate risk. These items should be addressed shortly.

Observations included in the "C" grade (yellow) banding indicates that the matter, although important, does not warrant urgent attention and should be addressed within an agreed timeframe.

Priority	No of points	Relating to
B	1	• Preparation and review of statutory accounts workbook

Further details in respect of the observations and recommendations as a result of our audit work are given in Appendix 2.

The matters have all been discussed with management having the appropriate authority to receive these findings.

Prior year observations

We are pleased to report that the following observations made last year have been satisfactorily dealt with:

Priority	Relating to
B	• Declaration of interests • Fee invoicing

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Key audit risks and outcomes

As part of our audit planning process, we identified those areas where we believe there is a higher probability that a material error may appear in the financial statements. In the pages which follow we have provided a brief summary of the outcome of our audit work in relation to those higher risk areas.

Risk area	Audit procedures	Results and conclusion
Management override	We performed sample-based testing to identify possible material misstatements as a result of fraud or error specifically for procedures over journal entries.	We reviewed journal entries, particularly those surrounding the year end, and explanations were sought for any large or unusual items. All items tested and discussed with management were deemed to be appropriate.
Income recognition	We performed audit procedures on all material income streams, testing for completeness and cut-off (to ensure income was recognised in the correct financial year). For accreditation and inspection fees we agreed source documentation to the nominal ledger. For investment income we agreed third party documentation to the nominal ledger.	Our substantive testing and analytical review procedures gave assurance that income has been recognised appropriately and is materially complete. We tested income to ensure that it had been included in the correct period and performed a review of journals to ascertain if any significant adjustments had been made to manipulate income at the year-end.
Related parties	We obtained the declaration of interest forms for all trustees and council members and other members of key management personnel. We used data analytics to interrogate the financial data and identify possible transactions with related parties, whether individual or business interests. We will also obtain written representations from you also, asking the Council Members to confirm their satisfaction with the completeness of the disclosures made.	The charity's procedures for identifying related parties and associated transactions were reviewed. This includes the requirement for each of the Council Members to update their declaration of interests annually, and to declare any interests they have at the commencement of business meetings. At the planning phase, we were made aware of transactions with trustee Victoria Stec that had taken place relating to freelance consultancy. The initial draft disclosure we reviewed omitted these transactions, but at our request the note has been updated to reflect this arrangement appropriately. Based on the work undertaken, we identified no further concerns over the completeness of the disclosures.

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Other information

Letter of representation

We enclose the draft letter of representation which trustees have approved and signed at the same time as the financial statements. This includes acknowledgement of the trustees' responsibility for the design and implementation of internal controls to prevent and detect fraud.

As set out in our planning letter, we understand the following applied to the year ended 31 August 2025.

- Trustees of British Accreditation Council exercised effective oversight of management's processes for identifying and responding to the risks of fraud in the charity and a system of internal controls was in place to mitigate these fraud risks.
- The key areas at most risk of fraud at the charity are through external cyber-security attacks.
- Trustees were not aware of any instances of actual, suspected, or alleged fraud, including misconduct or unethical behaviour related to financial reporting or misappropriation of assets.
- There have not been any out of the ordinary transactions.

If the above information is no longer correct, please contact Alison Pyle or Harry Ward.

Professional ethics

In accordance with our profession's ethical guidance and further to our letter to you dated 16 October 2025 confirming audit planning arrangements there are no further matters to bring to your attention in relation to Integrity, Objectivity and Independence.

Current developments

A separate charity sector updates handout has also been provided for the information of trustees. The matters included may not all be directly relevant to the charity. However, we are aware that a lot of trustees are involved with more than one organisation, therefore we have included items for general information.

Updates, insights and seminars

As part of our commitment to the charity sector, during the year the Charity Team issues occasional Updates and Insights on matters of relevance to the sector and also holds a number of seminars free of charge throughout the year. We would be delighted to welcome representatives of your charity to our seminars or to add trustees and management to our email

distribution lists if this would be welcome. News and Insights are also available on our website at News and insights (buzzacott.co.uk), where there is also an opportunity to sign up to our mailing list should you wish.

This report has been prepared for your private use only. It has been prepared on the understanding that it will not be shared with any third party without our prior written consent and we can therefore assume no responsibility to any other party. Any recommendations contained herein are based on the information you have provided and UK law and judicial and administrative interpretation as of the date of this letter. Should the facts provided to us be incorrect or incomplete, or should they change, our recommendations may be inappropriate. Buzzacott Audit LLP accepts no liability for losses arising from changes in UK law, interpretation or practice or in public policy that are first published after the date of this report.

If you require any further information or assistance, we shall be very pleased to help you.

We would be pleased to receive your comments and reaction to this letter.

Appendix 1: Adjusted and unadjusted misstatements

Audit adjustments

		Statement of financial activities		Balance sheet	
	Description	**Debit (£)**	**Credit (£)**	**Debit (£)**	**Credit (£)**
1	DR Investment income CR Net gains/losses *Being reclassification of investment unrealised gains*	5,108	5,108		

As the above adjustment is a reclassification only, it had no impact on the reported net result.

Other presentational amendments made during the audit:

- Update to related party transactions note to include transactions with Victoria Stec,
- Corrections to the movement schedule presented in the investments note,
- Corrections to the cashflow statement in respect of movements to debtors and investments additions and disposals.

During the audit, further adjustments were made by management to the figures initially presented to us in order to correct the mapping of balance sheet accounts and to record the movement in the fair value of the investment.

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Appendix 2: Audit observations and recommendations

	Observation and implication	Recommendation	Management comment
B	**Preparation and internal review of the accounts workbook** The initial figures presented to us for audit contained errors in balance sheet mapping, did not record the movement in the investments' fair value and included certain note disclosures that were incomplete. If the accounts workbook is not fully prepared and internally reviewed prior to the audit there is an increased risk of material misstatement in financial reporting.	We recommend that the accounts workbook is prepared in full and reviewed by another member of the finance team before being presented to us for audit.	Thank you for highlighting this. We agree with your recommendation and will ensure the accounts workbook is fully prepared and subject to an internal review before submission for audit.

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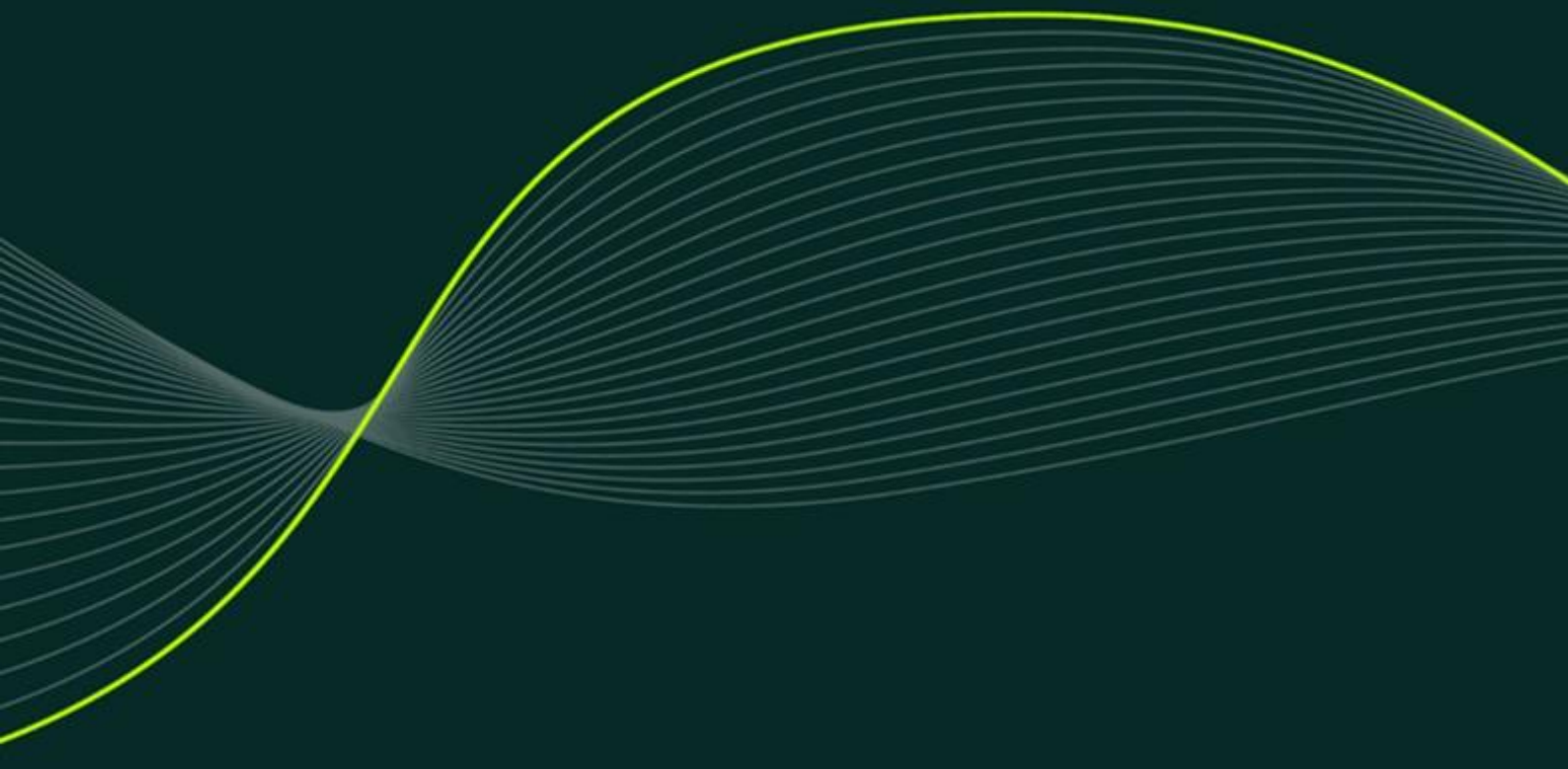
Charity sector news and updates

February 2026



UK Corporate Governance Code 2024

The UK Corporate Governance Code was revised in January 2024 with the key focus being to enhance transparency and accountability of UK premium listed companies and help support the growth and competitiveness of the UK and its attractiveness as a place to invest. The Code does not set out a rigid set of rules; instead, it offers flexibility through 'comply or explain' reporting against the Provisions. The main change in the 2024 Code is a new requirement under Provision 29 for a declaration of effectiveness by the board in relation to material controls which came into force on 1 January 2026. The other, less substantial, changes to the Code took effect from 1 January 2025.

The full Code can be read at:
https://media.frc.org.uk/documents/UK_Corporate_Governance_Code_2024_kRCm5ss.pdf

A summary of key changes since the 2018 Code, as published by the FRC, can be found at:
https://media.frc.org.uk/documents/UK_Corporate_Governance_Code_2024_Key_Changes.pdf

Charity Governance Code

An updated Charity Governance Code was published in November 2025. Whilst compliance is not a regulatory requirement, the Code sets out eight key principles on how charities should conduct themselves:

1. Foundation principle – meeting legal and regulatory requirements
2. Organisational purposes – board is clear about charity's aims and how these benefit the public
3. Leadership – board provides strategic leadership in line with charity's purposes and values
4. Ethics and culture – board has standards and values which shape the charity's behaviours
5. Decision making – effective decisions are made that best serve the charity's purpose
6. Managing resources and risk – board takes responsibility for stewarding, developing and allocating resources and manages risk property
7. Equity, diversity and inclusion – board has a clear, agreed and effective approach to supporting equity, diversity and inclusion in the organisation
8. Board effectiveness – board works well together, using a balance of skills, experience, backgrounds and knowledge

For further reading please see: https://www.charitygovernancecode.org/

The Economic Crime and Corporate Transparency Act 2023 (ECCTA)

Effective from September 2025, under the new ECCTA legislation, an organisation will be criminally liable where:

- a specified fraud offence is committed by an employee, agent or other 'associated person', for the organisation's benefit; and
- the organisation did not have 'reasonable' fraud prevention procedures in place.

The offence applies to all large (as defined by the Companies Act) incorporated bodies, including charities and public bodies (though not governments).

Relevant offences could include cheating the public revenue, false accounting/fraud by false representation or money laundering offences under the Proceeds of Crime Act 2002.

Although the legislation applies to large charities, it is important to note that section 196 applies to all charities regardless of size. This section holds charities criminally liable if a senior manager commits an offence under the law while acting within the scope of their authority or should they assist with committing an offence.

To support charities, the Charity Commission has published guidance on internal financial controls which can be read at: https://www.gov.uk/government/publications/internal-financial-controls-for-charities-cc8

The full Home Office guidance on the offence can be read at: https://www.gov.uk/government/publications/offence-of-failure-to-prevent-fraud-introduced-by-eccta

Companies House reforms

A number of other changes are in the pipeline following the enaction of the ECCTA:

Verification of directors and people with significant control

On 8 April 2025, Companies House launched a system that enabled the identity of an individual to be verified voluntarily. Once verified, Companies House issue the individual with a personal code that can be used to link them to a legal entity.

From 18 November 2025:

- directors need to verify their identity to incorporate a company or be appointed director to an existing company;
- existing directors need to confirm they have verified their identity when they file their next annual confirmation statement; and
- existing people with significant control who are not directors need to verify their identity by the 15th of their birth month (e.g. a PSC with a birth month of April will need to verify their identity by 15 April).

Suppression of personal information

From 27 January 2025, individuals can apply to suppress their registered office address where it is their home address. From 21 July 2025, individuals can apply to suppress the following information from historical documents:

- residential addresses in most instances when shown elsewhere on the register;
- day of birth for documents registered before 10 October 2015 (only the month and year of birth have been publicly displayed since 10 October 2015);
- signatures; and
- business occupation.

Enhanced powers to annotate company and LLP registers

The Companies and Limited Liability Partnerships (Annotation) Regulations 2025, effective from 9 June 2025, granted Companies House enhanced powers to annotate company and LLP registers. Under this legislation, the Registrar may annotate the company register to reflect that:

- a director is subject to disqualification sanctions;

- a person has not complied with a notice from the Registrar under section 1092A of the Companies Act 2006 requiring them to provide particular information to the Registrar; and
- the Registrar is intending to take, or has taken, steps under section 1002A of the same act (power to strike off company registered on false basis) to strike a company's name off the register.

The Registrar also has a duty to annotate the register where details of a person with significant control have been suppressed from public view to safeguard that individual from a serious risk of harm.

Accounts changes

Implementation of the following changes relating to financial statements is expected from 1 April 2027:

- *Reduction in filing options for small companies*
  The reforms will change the filing arrangements for micro and small companies. Such companies will be required to file what they prepare, with the removal of the option to 'fillet' out the directors' report (for small companies) and the profit and loss account (for micro and small companies) when filing. The option of abridging the accounts for small companies will also be removed.
- *Audit exemption disclosure*
  A company taking an audit exemption will be required to state this on their balance sheet, specifying which audit exemption is being claimed, and confirming that the company qualifies for the exemption.
- *Restriction on shortening accounting periods*
  A company will have to provide a business reason if they want to shorten the period more than once within five years.

Other changes

In the future, Companies House intend to restrict corporate directorships so that only UK corporate entities with legal personality will be capable of acting as a corporate director. Further, the directors of any company used as a corporate director must be natural persons.

Software filing of accounts

Companies House has announced that the planned removal of the option to file paper accounts from 1 April 2027 will not go ahead at this time and the plans for online only accounts filing will be reviewed. This is positive news for the charity sector as the current position is that charities which are also limited companies cannot file accounts with Companies House online. Software filing solutions that work well for charity accounts are still under development.

More information on this development can be found at: https://www.buzzacott.co.uk/insights/proposals-for-mandatory-online-filing-of-accounts-put-on-hold

Procurement Act 2023

The Procurement Act 2023 went live on 28 October 2024 leading to changes to how public procurement is regulated. The Act aims to:

- create a simpler and more flexible, commercial system that better meets the country's needs while remaining compliant with international obligations;

- open up public procurement to new entrants such as small businesses and social enterprises so that they can compete for and win more public contracts; and
- embed transparency throughout the commercial lifecycle so that the spending of taxpayers' money can be properly scrutinised.

The government have produced a series of e-learning modules to support practitioners in implementing the new regime (applicable to all operational procurement staff): https://www.gov.uk/guidance/the-official-procurement-act-2023-e-learning

A series of short guides for senior leaders and suppliers have also been produced at: https://www.gov.uk/government/publications/procurement-act-2023-short-guides

Short video guides have also been produced: https://www.gov.uk/government/publications/procurement-act-2023-short-guides/animations-and-videos

Charity Commission updates to guidance on decision making of trustees

When making decisions, trustees must follow the below seven principles in line with CC27, the Charity Commission's bespoke guidance on this topic:

1. act within their powers;
2. act in good faith;
3. be sufficiently informed;
4. take into account all relevant factors;
5. identify and disregard any irrelevant factors;
6. manage conflicts of interest; and
7. ensure their decision is within the range of decisions that a reasonable trustee body could make

September 2024 saw the first update to CC27, the Charity Commission guidance on decision making, in 11 years. Whilst the principles remain the same, the guidance is more concise taking 12 minutes to read, rather than 24 minutes in the previous iteration.

All trustees are therefore encouraged to read the following: https://www.gov.uk/government/publications/its-your-decision-charity-trustees-and-decision-making

Diversity and expertise on charity boards

A new report by the Charity Commission and Pro Bono Economics, Trusteeships – A Positive Opportunity, highlights that while most trustees feel confident in their roles, challenges remain around board diversity and legal expertise. Women now make up 43% of trustees, but representation from ethnic minority background remains low at 8%. Trustees are encouraged to consider how their boards reflect the communities they serve and to address any skills gaps, particularly in legal knowledge.

For more information, please see the following link: https://www.probonoeconomics.com/trusteeship-a-positive-opportunity

Charity Commission guidance on paying trustees

The Charity Commission has issued updated guidance on paying trustees, designed to help charities assess whether they have the necessary powers or need regulator approval. The emphasis remains on trusteeship being a voluntary role, with charities required to manage any conflicts of interest carefully.

Trustee payments must be reasonable, and charities should be mindful of the risk that payment could make trustees over influential. Reimbursing genuine expenses, such as travel and accommodation, is not considered trustee payment. For full details, please see: https://www.gov.uk/guidance/trustee-expenses-what-charities-can-pay

Trustees and whistleblowing

A tribunal appeal has raised the question of whether a charity trustee "is or should be treated as a worker" when seeking to be protected as a whistleblower. The Employment Appeal Tribunal published its judgment in the case involving the British Psychological Society (BPS). The individual in question was a trustee and president-elect at BPS when they uncovered and reported "serious concerns of corporate governance failings" there to the Charity Commission.

After making disclosures, they were subjected to a disciplinary process and expelled from the organisation in May 2021 following allegations of "persistent bullying", which were denied.

Last year, an Employment Tribunal ruled that the individual was not a worker at the organisation and had no jurisdiction to hear the claims around detriment for making protected disclosures.

The individual appealed the decision, arguing that he should be treated as a worker and protected from reprisals for blowing the whistle under articles 10 and 14 of the European Convention on Human Rights (ECHR).

This ruling opens the door to potential protection for trustees, and the full judgement can be read at: https://assets.publishing.service.gov.uk/media/671636d5583ef2380ad997dd/Dr_Nigel_MacLennan_v_The_British_Psychological_Society__2024__EAT_166.pdf

Rise in whistleblowing disclosures

The Charity Commission received 564 whistleblowing reports in 2024/25, with 54% made by current or former employees. The main concerns raised were governance failures, safeguarding, and financial mismanagement. Most reporting led to regulatory cases, with outcomes ranging from guidance and action plans, to information gathering and referrals. For trustees, this highlights the importance of robust governance, financial oversight, safeguarding practices where applicable and clear internal whistleblowing channels to address concerns early and maintain public trust.

Detailed analysis on this area can be found at: https://www.gov.uk/government/publications/whistleblowing-disclosures-made-to-the-charity-commission-for-england-and-wales-2024-to-2025

Fundraising Code

From 1 November 2025, a revised Code of Fundraising Practice came into effect. This introduced a principles-based framework centred on fundraising being legal, open, honest, and respectful. Trustees should ensure their charity's fundraising activities and policies are reviewed against the updated Code, provide appropriate training and support to staff and volunteers, and update governance documents to

reflect the changes. Trustees also have a responsibility to promote ethical fundraising and maintain public trust. Further resources and guidance are available on the Fundraising Regulator's website to support implementation.

Resources on the Code can be found at: https://www.fundraisingregulator.org.uk/code

The Fundraising Regulator has recently identified that the reporting of fundraising activities within charities' financial statements has not always been in full accordance with the Code of Fundraising Practice. In some instances, this has led to formal investigations into charities' fundraising practices such as charities not carrying out appropriate due diligence on donations received and whether charities have the appropriate licences for street fundraising. Reports on these matters can be read at the following links:

https://www.fundraisingregulator.org.uk/about-fundraising/resources/friends-nations-libraries-november-2025

https://www.fundraisingregulator.org.uk/about-fundraising/resources/we-r-blighty-community-interest-company-november-2025

Digital Fundraising Badge

The Fundraising Regulator has launched a new Fundraising Badge to help charities demonstrate their registered status, enhancing transparency and building trust with supporters. To use the badge, charities must log in to their Fundraising Regulator account and confirm the website domain where the badge will be displayed. Then a unique link will be sent to the charity for use on the website. Further information can be found at: https://www.fundraisingregulator.org.uk/registration/fundraising-badge-guidelines

Charity Digital Code of Practice

The updated Charity Digital Code of Practice reflects major digital shifts since 2018, including AI, cybersecurity, ethical tech use, and digital inclusion. It offers practical tools for benchmarking and self-assessment, tailored by charity size.

Trustees should ensure their charity aligns with the Code by embedding digital leadership, reviewing strategy, and supporting staff development. Larger charities (income more than £1 million) should take a strategic approach, while smaller charities (income less than £1 million) should focus on practical, resource-aware improvements. All charities must prioritise responsible data use and inclusion to stay resilient and mission-focused in a fast-changing digital landscape. All trustees should be aware than finance and skills gaps, particularly around AI, remain key barriers across the sector.

For more information please see: https://charitydigital.org.uk/topics/the-charity-digital-code-of-practice-2025-12116

Data (Use and Access) Act 2025 (DUAA 2025)

The DUAA, effective June 2025, introduces measures to make data sharing safer and simpler. It supports secure identity checks, easier ways to share data (e.g., Open Banking), and a new National Underground Asset Register. It updates UK data protection and privacy rules without replacing existing laws like UK GDPR or the Data Protection Act 2018.

The Act aims to simplify compliance, encourage innovation and enable secure data sharing while maintaining high data protection standards.

While the new law could make charity marketing and fundraising more effective, it also brings compliance challenges. Charities must prepare to meet legal requirements and maintain public trust.

Key impacts:

- Charities can use a 'soft opt in' rule for emails and tests.

This means charities can contact supporters without explicit consent if:

  - The individual has shown interest or supported the charity before;
  - The message is strictly to further the charitable work;
  - Supporters have an easy way to opt out.

This could help charities further their work however privacy notices and opt-out systems must be clear.

- Charities must handle data-related complaints in a more structured way by:
  - Making it easier for people to submit complaints;
  - Acknowledging complaints within 30 days;
  - Reporting complaint volumes to the ICO.

Trustees should ensure staff are trained and procedures updated to include data-related issues.

For further reading please see: https://ico.org.uk/about-the-ico/what-we-do/legislation-we-cover/data-use-and-access-act-2025/the-data-use-and-access-act-2025-what-does-it-mean-for-organisations/

Charity Commission guidance on accepting donations

The Charity Commission has published guidance to help charities when deciding whether to accept, refuse or return a donation. The guidance is designed to help trustees have informed discussions when faced with a choice that has potentially significant consequences but accepts that the default position for trustees should be to accept donations. In making their decision, trustees should:

- consider the risks involved in accepting or refusing the donation, and how likely and serious these are (e.g. reputational harm or negative financial consequences);
- determine what steps they can take to mitigate the risks (e.g. developing a public explanation for a decision); and
- determine how any decision aligns with their charity's purposes.

The regulator also warns trustees not to allow their personal views, or any external pressures that do not relate to their charity's purposes, to influence them to act in a way that is not in their charity's best interest.

The full guidance can be read at: https://www.gov.uk/guidance/accepting-refusing-and-returning-donations-to-your-charity

Subscription contracts regime

The Digital Markets, Competition and Consumers Act 2024 sets out a legislative regulatory framework to strengthen protections for consumers when they enter a subscription contract. This applies to organisations where subscriptions and memberships which provide goods and services (e.g. free entry to places, digital content etc.) automatically recur or roll over for a fixed period of time. Pure donations will not be caught by the regime but there are other areas that may, such as when a donor receives invites to events, newsletters and thank you gifts. Charities are urged to consider what fundraising channels and products they have and whether they could be caught.

A government led consultation period came to an end in February 2025 and more information can be found at: https://www.gov.uk/government/consultations/consultation-on-the-implementation-of-the-new-subscription-contracts-regime/consultation-on-the-implementation-of-the-new-subscription-contracts-regime-web-accessible-version

Charity investment governance principles

The Charity Finance Group recently unveiled the Charity Investment Governance Principles to aid trustees in managing charity investments. These principles include guidance on legal considerations, governance, integrity, decision making, effectiveness, equity and accountability. The principles aim to address gaps in existing investment governance practices and empower trustees with practical advice.

Further detail can be found at: https://www.cigp.org.uk/

Full Charity Commission guidance on this topic can be read at: https://www.gov.uk/government/publications/charities-and-investment-matters-a-guide-for-trustees-cc14

Fraud and cybercrime guidance

The Charity Commission has unveiled a refreshed suite of guidance to help trustees protect their charities from fraud and cyber-crime. Launching in Charity Fraud Awareness Week, the charity regulator has published bespoke guidance on how trustees can protect their charity from cyber-crime and a separate shorter guide on fraud. These guides, which replace the regulator's previous guidance, are more concise and easier to use.

They can be read in full at: https://www.gov.uk/government/news/regulator-refreshes-guidance-as-it-reveals-600-cases-related-to-fraud-in-the-last-year

Importance of documented contingency plans regarding cyber security preparedness

Following a recent growth in major cyber-attacks, organisations are being reminded of the growing risk posed by cyber threats and the importance of having clearly documented contingency plans in place. These should outline how the organisation would respond to a cyber incident to minimise disruption and protect sensitive data. Trustees should ensure that such plans are not only up to date but also tested regularly and understood by relevant staff. A written and well communicated cyber response plan, held outside of IT system, is considered a key part of good governance and risk management in today's digital landscape.

Worryingly, despite these threats and recent high-profile attacks, 61% of organisations still lack cyber insurance (according to a survey undertaken by Howden (https://www.howdengroupholdings.com/news/cyber-attacks-cost-europes-four-largest-economies-

300bn-in-the-last-five-years-according-to-howden). Cyber insurance can provide a vital safety net covering losses, assistance with business interruption, and expert support to recover quickly after an attack and as such, trustees should also be ensuring that IT security policies are robust and staff are well trained.

For further reading please see: https://www.ncsc.gov.uk/news/uk-experiencing-four-nationally-significant-cyber-attacks-weekly

Artificial Intelligence (AI)

Artificial Intelligence (AI) has the potential to revolutionise the charity sector, enabling charities to work efficiently and create a greater impact than ever before. The past year has seen a substantial increase in the use of AI within the sector, with the 2025 Charity Digital Skills Report estimating that more than three quarters of charities are now using AI, though most are still exploring its applications. However, despite these opportunities, charities must also notice the risks involved before adopting AI tools including the potential for factual inaccuracy, bias/discrimination, cost of implementation, data security and sustainability.

A Buzzacott insight on this topic can be read at: https://www.buzzacott.co.uk/insights/how-is-artificial-intelligence-impacting-your-charity

The 2025 Digital Skills Report can be accessed at: https://charitydigitalskills.co.uk/

Martyn's Law and the impact on charities

Martyn's Law, officially known as the Terrorism Protection of Premises Act, received Royal Assent on 3 April 2025. The UK Government has announced an implementation period of at least 24 months before the Act comes into force.

This legislation aims to enhance public safety by requiring organisations to take proportionate measures to protect staff and the public from terrorism. It was introduced in response to the Manchester Arena attacks and the disruption of over 40 late-stage attacks since March 2017.

For charities operating events or welcoming visitors to public locations inside and outside e.g. community centres, event spaces, museums, galleries, schools, and further education spaces (not higher education), or places of worship, it is essential to determine if Martyn's Law applies.

The law has a two-tier system based on the number of people within a building:

- **Standard Tier (200-799 people)**: Ensure staff have training and are familiar with emergency procedures.
- **Enhanced Tier (800+ people)**: Implement detailed measures, including formal risk assessments and terrorism response planning.

Charities must therefore focus on raising awareness of terrorist threats, providing appropriate training for staff and volunteers, and establishing clear emergency response procedures. The Home Office will issue statutory guidance to help those responsible for premises and events understand the legislation's

requirements. In the meantime, organisations are encouraged to start preparing to meet their duties of care, enhance safeguarding, and demonstrate good governance and risk management.

Further detail can be found at: https://homeofficemedia.blog.gov.uk/2025/04/03/martyns-law-factsheet/

Authorised Push Payment fraud (APP) reimbursement scheme

The APP reimbursement scheme came into force on 7 October 2024 which mandates banks to reimburse small charities (those with under £1m per year) of fraud carried out through the faster payments system and CHAPS to the value of £85,000. Full details of the scheme can be found at: https://www.psr.org.uk/media/th4jea5a/ps24-5-app-scams-chaps-reimbursement-sept-2024.pdf

Changes to UK GAAP

In March 2024, the Financial Reporting Council published amendments to FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

The amendments encompass a number of changes including:

- a new model of revenue recognition designed to align UK GAAP with IFRS 15 Revenue from Contracts with Customers;
- a new model of lease accounting which brings assets under operating leases on to the balance sheet, designed to align UK GAAP with IFRS 16 Leases; and
- various other incremental improvements and clarifications.

The amendments will be effective for accounting periods beginning on or after 1 January 2026 and can be read at: https://media.frc.org.uk/documents/Amendments_to_FRS_102_and_other_FRSs.pdf

Businesses can choose to adopt the changes early, potentially benefiting financially if they have a rent-free period on a current lease, though this early adoption is only permissible for registered companies (not charities): https://www.buzzacott.co.uk/insights/preparing-for-changes-to-frs-102-key-changes

New Charity Statement of Recommended Practice (SORP)

The revised Charities SORP 2026 was published on 31 October 2025 and will apply to accounting periods beginning on or after 1 January 2026. The changes will not be retrospective, so no restatement of prior year figures will be required. However, they introduce important updates that charities must start preparing for now.

Lease accounting

Existing lease agreements must be reviewed to assess how they will be affected by the new rules.

The updated SORP removes the distinction between finance and operating leases. Most leases, including those for property and vehicles, will now need to be brought onto the balance sheet of lessees, with a right-of-use asset and a corresponding lease liability. It also means the operating lease charges currently recorded in the statement of financial activities will need to be replaced by depreciation and interest charges.

There are some limited exemptions available, such as for leases with terms shorter than 12 months or involving low-value items, but these will need to be assessed on a case-by-case basis.

Income recognition

The treatment of non-exchange transactions such as donations remains unchanged, but other types of revenue must be recognised in accordance with a new five-step model, reflecting international accounting practices. For income streams other than donations, charities should review the terms of each agreement in place, including grant agreements and service/sales contracts, against the new model.

The new model requires charities to recognise revenue when they have fulfilled the performance obligations in each income-generating agreement. This could result in more income being accrued or deferred than under current practices. In most cases, the anticipation is that the resulting revenue recognised will be similar, but the five-step model must still be worked through carefully for this to be demonstrated.

Trustees' report

Trustees should review the structure and contents of the report in accordance with the new SORP, which introduces a three-tier framework differentiating reporting requirements for charities based on income level. This will serve as a good opportunity for trustees to review the report for compliance, clarity and impact.

Further information can be found at: https://www.buzzacott.co.uk/insights/charities-sorp-2026

Changes to accounts and examination requirements

Following a public consultation the Department for Culture Media and Sport (DCMS) has announced changes to accounting thresholds. These changes aim to reduce costs and administrative effort for smaller charities.

These changes are expected to come into effect on 30 September 2026 and apply to accounting years that end on or after 30 September 2026.

From this date, an independent examination is only required where income is over £40,000 (previously £25,000) whilst an audit is required if income is over £1.5m and assets are over £5m (increased from £1m and £3.26m respectively).

Company size thresholds

The Labour government has taken forward the previous government's plans by increasing company size thresholds. Legislation was laid before Parliament in December 2024 and came into force on 6 April 2025. The detailed legislation can be read at: https://www.legislation.gov.uk/uksi/2024/1303/made

The impact of this is that many companies currently classed as medium-sized will be able to move down to the small category. This will potentially enable them to apply a less onerous financial reporting regime.

Sustainability and reporting

The Environmental, Social and Governance ('ESG') landscape is fast changing in the UK and reporting requirements are becoming more stringent. The largest (>500 employees and £500m turnover) private and listed entities are currently required to provide sustainability and climate change-related information in their annual reports under the Task Force on Climate-Related Financial Disclosures ('TCFD').

Large companies are required to disclose their energy use, greenhouse gas emissions and measures to improve energy efficiency under the Streamlined Energy and Carbon Reporting ('SECR') requirements. However, this disclosed information is not yet subject to independent assurance requirements, which has resulted in greenwashing claims about unverified ESG information contained in annual reports.

In June 2023, the first two international sustainability reporting standards were issued, aimed at improving trust and confidence in statutory disclosures about sustainability and climate change (https://www.ifrs.org/issued-standards/ifrs-sustainability-standards-navigator/). The standards were internationally effective from 1 January 2024 and are expected to be adopted by the UK in 2025. New reporting requirements under UK-endorsed IFRS S1 and S2 are expected to apply to accounting periods starting on or after 1 January 2026 (for the largest and listed entities only). A phased implementation approach is expected with the reporting obligation ultimately being extended to all UK companies over time, including those reporting under UK GAAP While the new standards are designed so that assurance can be gained on the reported information, in the UK no decision has been made whether mandatory assurance will be required.

Supply chain reporting

The European Union's ('EU') Corporate Sustainability Reporting Directive ('CSRD') came into effect on 5 January 2023. This brings the requirement for extensive sustainability disclosures in the annual reports of EU entities from 1 January 2025. CSRD has a requirement for mandatory assurance for all reported sustainability information.

While there is currently no equivalent reporting requirement in the UK, there is an expectation that UK entities will be required to comply with information requests if they form part of a large EU company's value chain.

Charity tax returns – why are they so important?

Whilst it is not compulsory for charities to file a tax return, HMRC is able to perform random checks on charities to ensure exemptions are being claimed correctly. There is no blanket exemption on income generated by a charity because of their charitable status. If a charity receives income that does not fall under the available exemptions, then the profit element of the income will be subject to tax. The main forms of exempt charitable income are:

- Donations and legacies;
- Trading income, where this derives from activities in furtherance of or ancillary to the charity's objectives, or activities carried out by the charity's beneficiaries; and
- Certain investment and property income.

If there is non-charitable trading income that does not fall under the above exemptions, the small-scale taxable trades exemption can be applied whereby a tax liability will not be applied if the non-charitable trading income is less than 25% of the charity's total income, subject to a cap of £80,000. If £80,000 is breached, the total non-charitable trading income will be taxable.

Further information can be found at: https://www.buzzacott.co.uk/insights/charity-tax-returns-why-are-they-so-important

Charity Commission tax guidance

The Charity Commission has guidance on direct tax obligations of charities and reliefs available. It is designed to allow charities access to relevant resources in one place with the guidance being available at: https://www.gov.uk/government/publications/charities-detailed-guidance-notes

HMRC has also begun rolling out a programme of Structured Risk Reviews (SRRs) across the charity and not-for-profit sectors. This marks a more coordinated approach to compliance, drawing together information across all taxes to build a detailed picture of how organisations operate and identifying any areas of potential underpayment or non-compliance. Evidence suggests that reviews are informed by data from "Connect", HMRC's sophisticated data analytics platform, which we have analysed in the following: https://www.buzzacott.co.uk/insights/hmrcs-structured-risk-reviews-what-charities-and-not-for-profits-need-to-know

Gift Aid on membership subscriptions

Many charities generate income from membership, supporter and friends scheme subscriptions. These schemes could be eligible to claim a 25% Gift Aid repayment, even where members receive a range of benefits from the charity in return for their subscriptions.

In principle, Gift Aid can only be claimed on donations. Payments to a charity for the purpose of acquiring goods and services are not donations, but a charity may also provide token benefits to a donor in consequence of their donation resulting in the potential for Gift Aid to be claimed.

Further guidance on this can be found here: https://www.buzzacott.co.uk/insights/can-your-charity-claim-gift-aid-on-membership-subscriptions

Business rate tax reliefs

Worth over £2 billion of tax savings per year, charities are usually entitled to a mandatory relief and may also be able to claim a further discretionary relief from their local authority. This relief will depend on the policy of the individual local authority and the resources available to them, but if granted, would top up the 80% mandatory relief to a full 100% discount.

Charities should seek to make a case to their local authority of the value that they provide particularly to the local area to maximise their opportunity to obtain the discretionary relief. Non-profit organisations that are not charities may also be able to claim discretionary relief from their local authority if they meet certain criteria.

Further information on this can be found here: https://www.buzzacott.co.uk/insights/are-you-taking-advantage-of-all-charitable-reliefs-from-business-rates

IR35 guidance

Off payroll working legislation governs how organisations handle tax for workers providing services through intermediaries, such as personal service companies. The reformed rules, introduced in 2017 and expanded in 2021, shift the responsibility of determining employment status from the worker's intermediary to the client engaging them. The reformed guidelines assist clients and deemed employers in applying these rules, ensuring correct tax and National Insurance contributions are paid. They also provide examples of best practices to minimise errors and potential penalties. Organisations should use

these guidelines alongside existing resources to make informed decisions based on their specific circumstances.

Detailed guidance can be found at: https://www.gov.uk/government/publications/help-to-comply-with-the-reformed-off-payroll-working-rules-ir35-gfc4

Working from home overseas – tax, social security, and payroll considerations

There are a number of tax, social security and compliance issues that both employees and employers should consider before allowing overseas working. Employers should seek professional advice as to whether they will have social security and workplace pension scheme obligations in the country in question. Consideration will also need to be given whether an employee working abroad would create a fixed permanent establishment, resulting in potential overseas tax liabilities.

For further information, please see: https://www.buzzacott.co.uk/insights/working-from-home-overseas-the-tax-social-security-and-payroll-considerations

VAT on digital advertising

Although the reverse charge rule is not new, many charities are failing to comply with VAT legislation when dealing with suppliers outside of the UK. This is particularly the case in the advent of increased spend with companies such as Google and Meta who do not charge VAT on their supplies given they are based in Dublin, Ireland.

As a result, UK based organisations must account for VAT on these invoices as if it were an ordinary UK supplier resulting in a likely VAT liability being incurred and it is therefore imperative that charities carefully review each supplier invoice to ensure that the reverse charge mechanism is correctly being applied.

HMRC guidance can be found at: https://www.gov.uk/guidance/the-vat-domestic-reverse-charge-procedure-notice-735

HMRC enquiries regarding charities and non-business activities

HMRC has contacted selected charities reminding them to review VAT recovery on non-business activities. Incorrect classification could result in over-recovery of input tax and penalties. However, the line between what constitutes a business or non-business activity is not always clear leading to potential errors in VAT treatment. HMRC have a two test to determine what a business activity is:

1. Does the activity result in a supply of goods or services for consideration?
2. Is the supply made for the purpose of obtaining ongoing income or remuneration?

If both conditions are met, the activity is classed as a business activity, and hence there is entitlement to VAT recovery if taxable supplies are made.

Given the renewed focus on this area, charities should review VAT accounting practices to ensure correct VAT restrictions are applied to minimise the risk of non-compliance and penalties. Further information can be found at: https://www.buzzacott.co.uk/news/hmrc-enquiries-regarding-charities-and-non-business-activities

Importance of safeguarding and regular DBS checks

In January 2025, a charity reported a serious incident after discovering an employee had worked with children while on the DBS barred list. Although previous checks in 2021 showed no concerns, a 2023 re-check revealed the individual was barred. No action was taken until December 2024 which is considered an operational failure. The Charity Commission found mismanagement and a breach of trustee duties, though noted the trustees' prompt response, including policy updates and improved safeguarding. Formal advice was issued, and the case closed with a warning. The incident highlights the need for trustees to maintain oversight and ensure DBS compliance. The full press release can be read at https://www.gov.uk/government/news/regulator-concludes-case-into-st-giles-trust

Ex-gratia rules

Ex gratia payments are those made under a moral obligation where trustees have no legal power to act. The amount a charity can pay ex-gratia without the Charity Commission's permission will now be set against the charity's income in the previous financial year, following an update to the rules around such payments that came into force in November 2025:

- Income of up to £25,000 = payment limit of £1,000
- Between £25,000 and £250,000 = payment limit of £2,500
- Between £250,000 and £1m = payment limit of £10,000
- Over £1m = payment limit of £20,000

Further guidance from the government can be read here: https://www.gov.uk/government/publications/ex-gratia-payments-by-charities-cc7/ex-gratia-payments-by-charities-cc7

2025 Autumn Budget

The Chancellor delivered her second budget at the end of November 2025. According to the Office for Budget Responsibility, the total tax increases by 2029/30 will be nearly £30 billion, with 920,000 more higher rate taxpayers and a record burden of 38.3% of GDP by the end of the decade. The insight below summarises the budget, with key points impacting the charity sector relating to income tax, NIC, VAT, inheritance tax and potentially corporation tax.

https://www.buzzacott.co.uk/insights/autumn-budget-2025-what-you-need-to-know

BRITISH ACCREDITATION COUNCIL FOR INDEPENDENT FURTHER AND HIGHER EDUCATION

England & Wales - Charity number 326652

Accounts

British Accreditation Council for Independent Further and Higher Education

Annual Report and Financial Statements

31 August 2024

Company Registration Number
01828990 (England and Wales)

Charity Registration Number
326652

Reference and administrative details

Members of the Council	Prof Phil Cardew (Chair) Prof David Law (Deputy Chair – retired 31 August 2024) Dr Stephen Jackson (Honorary Treasurer and acting Deputy Chair as of 1 September 2024) Marc Griffith Dr Esther Huertas Hidalgo Dr Anthony Manning Kevin Everett Prof. Mary Bishop Dr. Victoria Stec Md. Mahbubal Alam (Student member) Dr. Nicola Mellor (resigned 31 October 2024)
Company Secretary	Dr Janet Bohrer
Registered office	First Floor Wax Chandlers Hall 6 Gresham Street London EC2V 7AD
Company registration number	01828990 (England and Wales)
Charity registration number	326652
Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL
Solicitor	Bates Wells and Braithwaite London LLP 10 Queen Street Place London EC4R 1BE
Banker	CAF Bank 25 Kings Hill Avenue West Malling Kent ME19 4JQ
Investment manager	LGT Wealth Management UK LLP 14 Cornhill London EC3V 3NR
Key Management Personnel	Dr Janet Bohrer (Chief Executive) Diana Morriss (Chief Inspector) Lucy Fox (Deputy Chief Executive)

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Report of the Council Year to 31 August 2024

The members of the Council present their annual report together with the audited financial statements of the British Accreditation Council for Independent Further and Higher Education ('British Accreditation Council' or 'BAC') for the year ended 31 August 2024.

The financial statements have been prepared in accordance with the accounting policies set out on page 24 to 27 therein and comply with the charitable company's Memorandum and Articles of Association, applicable laws and the requirements of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102).

This report has been prepared in accordance with Part 8 of the Charities Act 2011 and constitutes a directors' report for the purposes of company legislation.

Structure, governance and management

The British Accreditation Council was incorporated on 29 June 1984 (Company No 01828990) and registered as a UK charity on 28 August 1984 (Charity No 326652). It is limited by guarantee without share capital. The liability of the members is limited to £10 each and accumulated funds are not distributable to the members.

The governing instrument under which the Company operates is its Memorandum and Articles of Association. Amended Articles of Association were approved by the charity on 19 October 2017 and 2 April 2018 by special resolution. The Articles of Association were reviewed in April 2021 and were considered fit-for-purpose.

The directors are treated as trustees for Charities Act purposes.

Members of the Council

The members of the Council are the Board of Trustees. The trustees who served during the year, and up to the date of approval of this report, are shown in the reference and administrative details at the front of this report.

The Articles of Association provide for a maximum of twelve directors. The trustees may appoint any director as a member of the Board of Trustees. The chair and deputy chair are appointed by the Board.

The Deputy Chair of Council, Prof David Law, retired at the end of the period of review on 31 August 2024. Dr Nicola Mellor resigned in the current year, at the end of her term on 31 October 2024.

Induction and training of Council members

At the recruitment stage potential Council members are given extensive information about the organisation and are fully informed of the purpose and charitable objectives of BAC. Potential trustees are then invited to meet with the Standing Committee to discuss the challenges facing the organisation and their potential contribution to the charity. Following appointment and ratification by Council, induction meetings are organised for new members of Council and Accreditation Committee as appropriate.

Structure, governance and management (continued)

Statement of Council's responsibilities

The Council members (who are also trustees and directors of the British Accreditation Council for Independent Further and Higher Education for the purposes of company law) are responsible for preparing the annual 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 Council members to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the income and expenditure of the charitable company for that period.

In preparing these financial statements, the Council members are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable to the United Kingdom and Republic of Ireland (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

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

Each of the Council members confirms that:

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

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

Structure, governance and management (continued)

Statement of Council's responsibilities *(continued)*
The Council members 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.

Governance
The governance structure consists of the Council, which is formed of the trustees, and acts as the Board of Directors. The Council meets three times a year.

The Chair of the Council is Prof Phil Cardew, appointed 1 September 2022.

The Council has three sub-committees. The Standing Committee meets between Council meetings to provide continuity and support the charity. The Standing Committee has, as members, the Chair of the Council, the Deputy Chair of the Council and the Honorary Treasurer. Duties of nominations and governance are discharged by the Standing Committee.

The Audit Committee provides financial and regulatory oversight and is chaired by Dr Stephen Jackson (Honorary Treasurer) who is also a member of the Standing Committee.

An independent financial expert, non-Council member, joined the Audit Committee in May 2024, to offer objective advice in relation to matters of transparency and ethics for financial decisions.

The responsibility for decisions on accreditation is overseen by the Accreditation Committee (AC). The AC is appointed by the Council and consists of members appointed by virtue of their experience and expertise with regard to educational standards. Dr Anthony Manning is the Chair of the Accreditation Committee. The Accreditation Committee receives the reports of completed inspections and takes decisions on the award or withdrawal of accreditation, making its recommendations based on BAC's accreditation policy and procedures. It also regularly reviews the quality assurance criteria used by inspectors in making judgements and recommendations. The Committee has up to nine online meetings a year.

Key management personnel
In the period of review, Council members consider that they, together with the Chief Executive, Deputy Chief Executive and the Chief Inspector, comprise the key management personnel of the charity. None of the Council members receive any remuneration from the charity in connection with their role as Council members.

As part of the annual review of salaries, all staff, including the Chief Executive, received a 5% increase in salary which was applicable from 1 September 2023. Other transactions with members of the Council are disclosed in note 6.

Structure, governance and management (continued)

Fundraising statement

The charity does not actively undertake fundraising activities and does not employ the services of Professional Fundraisers. During 2023/24, the charity received no complaints about fundraising activities.

Objectives and activities

The British Accreditation Council for Independent Further and Higher Education is registered for charitable purposes and its objects are:

- providing a system of accreditation for educational and training institutions in order to promote public confidence in such institutions and their programmes of study; and
- assisting in the improvement and maintenance of the standards of accredited institutions through the offer of advisory and consultancy services principally in the field of further and higher education.

Public benefit

The Council members have taken into regard the Charity Commission's guidance on public benefit and that all the Council's activities are directed to fulfilling its charitable objects of the improvement and maintenance of standards in independent further and higher education and training and that in doing so it is working for the public benefit. Some of these benefits are given below:

- The BAC accreditation mark provides students and potential students with an indication of quality.
- BAC inspections support the HM Government to protect the reputation of further and higher education and training in the UK by providing independent judgments, made on the basis of inspection by qualified and experienced inspectors, of the quality of provision of private institutions of further and higher education and training.
- The information, marketing and promotional work undertaken ensures that international students, agents and the education sector as a whole are aware of the range of institutions and courses available.
- Training events and seminars assist in the professional development of staff and institutions, thereby improving the quality of provision.
- The advice and support offered to institutions through informal and formal avenues provide them with guidance regarding good and best practice, thus helping to raise standards of provision.
- The complaints procedure provides students with a free and accessible means of resolving disputes with accredited institutions.

Report of the Council Year to 31 August 2024

Achievement and performance

Accreditation and inspection activity

The table below gives details of the applications received, inspections carried out and awards of accreditation in the period 1 September 2023 to 31 August 2024 and compares these with the figures from the previous year.

	September 2023 to August 2024	**September 2022 to August 2023**
New institutions awarded accreditation – UK	15	10
New institutions awarded accreditation –international	3	4
Total number of accredited institutions **	194	195
Number of international accredited institutions **	39	36
Withdrawals	19	16
Applications received from new institutions	16	24
Inspections conducted	86	64

***** numbers as of 31 August***

BAC's objectives 2023-24: Progress made

With regard to BAC's objectives for 2023/24, the following progress has been made:

Objectives	**Progress**
BAC will **invest in growth** by expanding products and services to add value to current accredited providers and to attract a wider range of new providers	• The BAC webinar series continued to be developed with good attendance from providers. This year we introduced an additional webinar to the schedule for providers about the Evidence Review process. • In May 2024, BAC launched an online training webinar for BAC inspectors, that deals with awareness of mental health issues, when conducting inspections. The intention was to support the caring approach inspectors already take to their work with us and our providers. We have received positive feedback from inspectors. • Accreditation Committee meeting dates are published on the BAC website, which has allowed those being inspected to see when decisions will be made.
BAC will continue to promote and be active in the quality assurance **Community**	• One of the main priorities and areas of focus this year was the European Association for Quality Assurance in Higher Education (ENQA) review process. BAC has been a member of ENQA since 2015 and this year we applied for the third cycle of ENQA membership using the targeted review method. BAC will use the outcome of this review for reconfirming European Quality Assurance Register for Higher Education (EQAR) registration, in 2025. BAC's membership of ENQA and EQAR registration contributes to strategic direction-setting and guides work across all of BAC's activities. In preparation for the review, BAC appointed an internal lead, the Higher Education Manager, who worked with an internal working group consisting of the CEO, Deputy CEO and BAC Senior Advisor (External), who has experience with the European higher education and

	quality assurance landscape, to produce the Self-Assessment Report. Working collaboratively with staff members, seeking feedback and input from trustees and stakeholders, and benefiting from the expertise of external experts, resulted in an evaluative document for the targeted review process. To ensure that stakeholder feedback was considered, BAC held workshops with the Accreditation Committee members and inspectors facilitated by an external consultant. The review culminated in a site visit on 23–25 September 2024. The ENQA review panel met with BAC staff members, members of Council, members of the Accreditation Committee, BAC inspectors (including students) and heads and quality assurance officers from BAC accredited IHE providers. • Our BAC Annual Stakeholder Event took place in April 2024. We celebrated our 40th anniversary with over 50 attendees from 8 countries. The event featured a panel of past and present Chairs of Council and a workshop on AI in education and the risks and opportunities for institutions.
BAC will continue to **Grow and Diversify** especially Global and European activities	• The Micro-credentials (MC) Scheme pilot continues, and we have conducted two inspections so far. The inspection reports were submitted to the Accreditation Committee in January 2024 and both organisations were awarded accreditation. We are reviewing the scheme and the process to decide the next steps for this scheme. • Hayley Boyes, Higher Education Manager and Sammy Hayali attended the ENQA Members' Forum in Germany in April 2024.
BAC will actively engage in the development of its **Ethical responsibilities**	• BAC continues to focus on maintaining governance activity, which is appropriately streamlined, and on developing its operations via effective strategic planning and rigorous monitoring of BAC resources. • An independent financial expert, non-Council member, joined the Audit Committee in May 2024 to offer objective advice in relation to matters of transparency and ethics for financial decisions. • The terms of reference (ToRs) for each of the committees are reviewed on an annual basis for their continued fitness for purpose. Each of the ToR documents is publicly available and has been awarded a Crystal Mark by the Plain English Campaign. • The Health and Safety Policy and Health and Safety Handbook have been reviewed and updated and staff have been enrolled on three online training modules for health and safety via our Astute e-learning platform.

BAC will continue to develop good practice in its use of **integrated use of the data and information** collected from BAC inspections and other work	• We renewed the lease for our office premises at Wax Chandlers Hall which continues to provide a great space for team collaboration, committee meetings and events. • The Terms and Conditions document for providers has been reviewed and updated to ensure that it is sufficiently robust and clear so that all parties fully understand their responsibilities and rights. The key changes include clarity on fees, cancellation policies, and refund arrangements. We worked with a solicitor to ensure the changes are thorough and legally sound. Organisations will be asked to confirm their agreement with the terms by signing the Application Form and the separate Terms and Conditions document will be sent alongside that form. • As part of this exercise, the solicitor has also reviewed the Anti-Bribery and Corruption Policy which has had some minor updates. • The Accreditation Handbook has also been updated to reflect current practices and to ensure that it aligns with the updated Terms and Conditions document. • Work continued with transitioning data and processes into our CRM system.

Risk management

The Council members have a duty to identify and review the risks to which the charity is exposed and to ensure appropriate controls are in place to provide reasonable assurance against fraud and error. The Council members delegate ongoing oversight to the Audit Committee for annual review to Council or reporting by exception. The Audit committee meet regularly where risk mitigation activities and emerging risks are reviewed. The Audit Committee has a standing agenda item for every meeting to review a dashboard of risks and a paper focusing on a specific area, as appropriate.

The members of Council are satisfied with the measures employed to assess and address identified risks. The items below are listed in order of significance to the charity based on the mechanism used to assess the risk.

Identified Risk	**Mitigating Actions**
Reputational damage arising out of inappropriate activity or behaviour	BAC has embedded integrity and transparency across all activities. All BAC representatives are DBS checked when working with under 18s. BAC has produced clear inspection guidelines and conducts monitoring inspections to ensure they are adhered to. The Bribery and Anti-Corruption policy is strictly enforced and monitored. There are plans to provide workshops for trustees and staff on governance topics. BAC has the necessary legal insurance requirements and professional indemnity cover to provide financial support in the event BAC is accused of acting inappropriately.
Loss of key staff	We have Standard Operating Procedures (SOPs) for common processes so that other members of staff can take over when a staff member leaves BAC. We have introduced periodic benchmarking of salaries for job roles to ensure pay and other fiscal rewards are competitive. We periodically review the contract template and the Employee Handbook so we can be confident in our policies and procedures when recruiting to replace a member of staff. We have adopted a flexible working policy. Staff wellbeing is of high importance. We have a trained St John's Ambulance First Aider and a Mental Health First Aider on the staff team. The sickness policy is robust.
Change in government student visa regime	BAC has developed a range of value-added products including webinars and the Marketing Pack to attract and retain providers and reducing susceptibility to withdraw in the extreme event of BAC being removed from the list of UK government approved accrediting bodies. BAC has significantly increased due diligence in accepting new and re-accreditation applications and developed and implemented a more rigorous inspection process in order to build and maintain confidence in the inspection and accreditation process.

	We are diversifying income streams to reduce reliance on the UK market and limit the impact of an unexpected change in government policy. We have a direct contact at the Home Office.
Competition increases in the quality assurance arena	BAC conducts regular reviews of BAC processes to ensure they meet the needs of external stakeholders. BAC continues to develop products and processes to ensure they remain world leading in terms of quality assurance. We are working to improve the BAC profile in all markets in which we operate. We have built and continue to build and develop links with stakeholders through webinars, news updates and the Provider Journey. We maintain strict cost controls to allow competitive prices to be offered to existing and new providers. We are increasing investment in developing and promoting BAC across all markets.
Financial loss arising out of financial impropriety	BAC maintains a large financial reserve equivalent to 18 months of operating costs. BAC has extensive and transparent financial controls and by choice undergoes an external audit each year despite being below the audit threshold. BAC has independent auditors who have a reputation for independence and rigour. There is a division of responsibility between staff who deal with banking protocols and finances. BAC's external auditor makes recommendations on internal control that arise out of the external audit and with reference to sector best practice. Funds drawn down for the Development Fund are managed separately. The use/spending of the Development Fund is overseen by the Audit Committee. The investment portfolio has increased visibility in terms of where funds are invested as well as ethical screens and changes to investments can be made quickly through the investment manager.
Fraud	Audit Committee have delegated responsibilities from Council for oversight of detailed financial activities, including budget preparation and cashflow monitoring, and they report back to the Council. Finances are also a recurring item on the agenda of every Standing Committee and Council meeting. Where possible there is a separation of duties so no one individual has sole responsibility for the financial transactions of the organisation. Staff have undertaken information security training which included cyber awareness. All staff are expected to report anything suspicious and to communicate any irregular events or incidents.

Loss of ENQA Membership	A designated member of staff has key responsibilities relating to ENQA oversight and reports directly to the Standing Committee on ENQA compliance. We give relevant members of staff the necessary time and resources to attend ENQA events and to keep up to date with ENQA membership requirements. The whole staff team is made aware of any specific activity relating to ENQA compliance and they take collective responsibility for providing information and evidence as and when necessary. We review BAC procedures to make sure they are ENQA compliant on a regular basis. We had a positive response to our interim progress report, no major causes for concern raised. We recruited a consultant to help us prepare for our review during 2024.
Loss of EQAR Listing	A designated member of staff has key responsibilities relating to EQAR oversight and reports directly to the Standing Committee on EQAR compliance. We give relevant members of staff the necessary time and resources to attend EQAR events and to keep up to date with EQAR listing requirements. The whole staff team is made aware of any specific activity relating to EQAR compliance and they take collective responsibility for providing information and evidence as and when necessary. We recruited a consultant to help us prepare for our ENQA review and subsequently our application for renewal for EQAR in early 2025.
Catastrophic infrastructure failure or cyber attack	All data is now backed up offsite. Key IT infrastructure is now in the Cloud with greater security and multiple backup processes. Financial information is now held in the Cloud via Xero and is considered to be as secure as is feasibly possible for an organisation of BAC's size. In the event of damage to or no access to premises, BAC telephone services have been rerouted to temporary accommodation. The policy is for staff not to leave their laptops in the office overnight so they can work remotely at short notice. We have implemented Multi Factor Authentication for our devices and Microsoft 365 with our IT support provider.
Significant and prolonged downturn in stock markets negatively impacting	We take expert advice on management of BAC investments. We have moved the portfolio to direct investments with more transparency and with better annual performance overall compared

BAC investments and reducing capital to invest	to the previous portfolio. We have the flexibility to make changes almost immediately. Investment performance is monitored by the Audit Committee.
International Recession	We maintain awareness of leading economic indicators. We maintain close links with the sector to monitor sector feedback. We continue to provide added value activities thereby increasing the value of BAC accreditation. We continue to communicate the value of accreditation to BAC providers, educators, students and governments.
Global economic crisis	Robust banking arrangements and appropriate insurance are in place. We can adapt financial arrangements to support providers such as dormancy criteria, payment plans and postponement of inspections on a case-by-case basis.
Regulatory Framework in the UK changes	We maintain awareness of the political debate. We identify possible outcomes of different scenarios. We review the impact of possible scenarios on a regular basis to monitor the impact on BAC accredited institutions or on the impact on BAC's right to conduct accreditation activities.
National or global pandemic	We continue to develop our digitised processes to ensure remote working online can be applied to all BAC operations. We have introduced flexible working arrangements for staff and can implement full-time home working at short notice. The office arrangements and equipment are suitable for socially distanced working. Key staff undertake relevant Health and Safety training as necessary. We continue to receive Health and Safety and HR support services and advice from Worknest. We have communicated to staff what support there is for wellbeing, there is an updated Employee Handbook, an Employee Assistance Programme that offers counselling and a 24hr support line and we have a trained Mental Health First Aider on the team. We can adapt financial arrangements to support providers such as dormancy criteria, payment plans and postponement of inspections on a case-by-case basis.
In-country conflict and instability	We do not currently work with any providers who are based in Ukraine. We maintain awareness of ENQA messaging and the industry impact and response to the war Ukraine.

	We assess risks and practical implications of implementing our processes when assessing eligibility during enquiry process.
Post-Brexit UK visa/border rules change	We will ensure we provide invitation letters to international visitors coming to the UK for BAC activities or events.

Future plans

The Strategic Plan 2021-2026 is a five-year plan and detailed objectives and activities are monitored through an internal three-year action plan.

BAC objectives for 2023-25 are as follows:

Objectives	**Proposed actions**
BAC will **invest in growth** by expanding products and services to add value to current accredited providers and to attract a wider range of new providers	• We will complete the review of the MC scheme and if successful will be added to our existing suite of schemes and marketed as necessary. • We will strengthen the use of the Common Quality Framework, to add value to accredited providers as well as to attract new providers. • We will update the website and develop a plan for long term improvements. • We will develop further support for providers e.g., potential training module.
BAC will continue to promote and be active in the quality assurance **Community**	• We will continue our schedule of webinars. • The Annual Stakeholder Event will take place on 1 May 2025. • We will build on the outcome of the review by The European Association for Quality Assurance in Higher Education (ENQA) and introduce oversight of actions and recommendations for further development from ENQA into our governance system. • We will apply to renew our registration with the European Quality Assurance Register for Higher Education (EQAR) in 2025. • We will look for further opportunities to attend conferences and/or contribute papers.
BAC will continue to **Grow and Diversify** especially Global and European activities	• We will continue to build on successful international inspections, developing regional activities and potential working with ministries through free and paid projects. • We will continue to develop a portfolio of activities to actively promote BAC.
BAC will actively engage in the development of its **Ethical responsibilities**	• The review of our working practices will continue including updating our Data Protection policies and procedures and business continuity and cyber security plans. • We will calculate our carbon footprint and take steps towards zero carbon emissions.

	• We will look to implement ways in which we can lead in the promotion of environmental responsibility and being open about our sustainable development goals. • We will continue to review value for money from our suppliers whilst also recognising London Living Wage hourly rates.
BAC will continue to develop good practice in its use of **integrated use of the data and information** collected from BAC inspections and other work	• The implementation of the CRM will be complete, and we will monitor its use and look for further ways it can improve our operations. • We will focus on the report process for inspections and process them using Sharepoint and all information uploaded to an online portal. • We will consider how to produce thematic reports and use them to influence the direction for development of inspection methodologies as well as themes for enhancement workshops. • We will conduct governance reviews as endorsed by Charities Good Practice and as preparation for increased work with a potential growth of activities.

Financial review

A summary of the year's results can be found on page 21 of the financial statements. The deficit for the year before gains on investments was £51,739 (2023 – £27,862).

The total income for the year is £745,390, an increase of £9,681 over the previous year (2023 - £735,709). This is a positive sign and suggests the charity has stable and growing income stream.

During the period under review, expenditure has increased approximately by £34,000 which was expected. This is a result of inflationary effects on staffing and running costs.

The net surplus for the year was £88,404 after a gain on investments of £140,143 (2023 – deficit for the year was £94,175 after loss on investments of £66,313).

Income

Accreditation fees

The income generated from accreditation fees has seen an improvement of approximately 8%, with a total of £426,205 in 2024, as compared to £393,989 in 2023. This is a result of a 5% increase in accreditation fees set in place in the previous year and new providers who have successfully achieved the BAC accreditation.

Inspection Fees

Inspection fee income has decreased in the year by -12% to £245,171 (2023 – 11%, £280,397). Despite this, the total number of inspections carried out has increased from 64 in 2022-23 to 86 in 2023-24. This shows that the inspection fee income fluctuates based on the type of inspections conducted. Specifically, the proportion of full or re-accreditation inspections has decreased from 54% in the previous year to 42% in the period under review. Additionally, the percentage of interim inspections increased to 34% in 2023-24, up from 28% in the previous year.

Other Income

The performance of our fixed asset investment portfolio has significantly improved, resulting in a net gain of £140,143 during the period under review (2023 – net loss of £66,313). This is attributed to stabilisation of the financial markets from previous years market disruptions.

Expenditure

Charitable Activities

Direct expenditure includes the cost of conducting inspections of accredited organisations, offering workshops to providers on a range of issues and the improvement of internal capabilities. These costs are linked to the projects that expand the charity's work and the number of inspections it conducts. The amount spent on these activities is affected by how many inspections happen in the year. Direct expenditure has decreased by circa 7% as predicted in the previous year, 2024 – £ 172,876 (2023 – £185,843).

Staff Costs and Running Costs

The total costs associated with staffing have increased in 2024 - £437,487 (2023 – £405,402).

Running costs and other support costs have increased in the year, 2024 - £174,971 (2023 – £164,121). This increase in expenditure was expected as result of inflation.

Financial review **(**continued)

Investment policy
The value of BAC's investments holding is a mixture of equities, fixed income and cash held for investment purposes. The market value at the reporting date stands at £1,207,484 in 2024 (2023 – £1,109,896). BAC's investments were held in a managed investment portfolio by Aberdeen Standard Capital (Charities Aid Foundation Managed Portfolio Service – Progressive Capital Growth Account).

The investment policy aims to generate capital growth over the medium to long term, without exposing BAC to the risks and volatility associated with a wholly equity focused portfolio. The Council members are satisfied with the performance of the investment portfolio during the year.

The charity also has cash at bank and in hand of £195,910 (2023 – £188,297). The liquidity risk is managed by maintaining a balance between the continuity of funding and flexibility of access to funds.

Reserves policy
The members of council consider that free reserves of the charity should represent at least six months' expenditure, equating to approximately £450,000, to ensure that the organisation can cope with all financial commitments without recourse to borrowing.

The free reserves on 31 August 2024 were £1,081,642 (2023 – £978,063) which exceeds the target level of reserves stated in the reserves policy. However, the Council members consider it appropriate to hold reserves in excess of the target, in consideration of the strategic objectives to be achieved and forecasted financial position over the short, medium, and long term along with the consequences of current world events, and the reserves policy reflects only the minimum level of free reserves required.

The Council will proactively assess the need for measures to mitigate the potential loss of funding resulting from providers unable to continue operations in the coming year. While it is possible that the effects of this may have a secondary impact on BAC, the Council will remain vigilant in monitoring the situation and have not deemed it necessary to utilise any more reserves than already approved in the current year.

Going Concern
The Trustees are required to confirm that it is appropriate for the BAC to adopt the going concern principle in preparing its accounts. Based on the viability review and taking into consideration the BAC closing reserves and strong cash position, the Trustees of the British Accreditation Council have reasonable expectation that the charity will continue to operate for the 12 months from the signature of this report.

As such the Trustees of the BAC continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Approved by the Council on and signed on its behalf by: Prof. Phil Cardew

[13.02.2025]

Independent auditor's report to the members of British Accreditation Council

Opinion

We have audited the financial statements of British Accreditation Council (the 'charitable company') for the year ended 31 August 2024 which comprise the statement of financial activities, the balance sheet, the statement of cash flows, the principal accounting policies and notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2024 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusion relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information
The trustees are responsible for the other information. The other information comprises the information included in the Annual Report and Financial Statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:

- the information given in the trustees' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the trustees' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the trustees' report and from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

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

- the Senior Statutory Auditor ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations; and

- we obtained an understanding of the legal and regulatory frameworks that are applicable to the charitable company and determined that the most significant frameworks which are directly relevant to specific assertions in the financial statements are those that relate to the reporting framework (Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), Companies Act, and the Charities Act) as well as data protection regulations.

Auditor's responsibilities for the audit of the financial statements (continued)
We assessed the susceptibility of the charity's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

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

- performed analytical procedures to identify any unusual or unexpected relationships.
- carried out substantive testing of expenditure including the authorisation thereof.
- reviewed journal entries to identify unusual transactions and substantiated these where appropriate; and
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias.

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

- review of the minutes of meetings of those charged with governance; and
- enquiring of management as to actual and potential litigation and claims.

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

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

A further description of our responsibilities 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 member, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's member those matters we are required to state to it 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 member, for our audit work, for this report, or for the opinions we have formed.

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

13 February 2025

Statement of financial activities (including income and expenditure account) Year to 31 August 2024

	Notes	**Total 2024 £**	Total 2023 £
Income from:			
Charitable activities			
. Accreditation and inspection fees	1	**706,806**	714,049
Investments	2	**38,584**	21,660
Total income		**745,390**	735,709
Expenditure on:			
Raising funds		**7,871**	7,536
Charitable activities			
. Accreditation and inspection		**789,258**	756,035
Total expenditure	3	**797,129**	763,571
Net expenditure before gains/(losses) on investments		**(51,739)**	(27,862)
Gains / (losses) on investments	10	**140,143**	(66,313)
Net income/(expenditure) and net movement in funds		**88,404**	(94,175)
Reconciliation of funds			
Total funds brought forward		**1,028,731**	1,122,906
Total funds carried forward		**1,117,135**	1,028,731

All of the charity's activities derived from continuing operations during the above two financial periods, Furthermore, all income and expenditure relates to unrestricted funds in both current and prior period.

The charity has no recognised gains or losses other than those shown above.

Balance sheet 31 August 2024

	Notes	**2024** **£**	**2024** **£**	2023 £	2023 £
Fixed assets					
Intangible fixed assets	8	**11,217**		15,063	
Tangible fixed assets	9	**2,921**		9,086	
Debtors	11	**-**		11,942	
Investments	10	**1,207,484**		1,109,896	
			1,221,622		1,145,987
Current assets					
Debtors	12	**41,396**		25,594	
Cash at bank and in hand		**195,910**		188,297	
		237,306		213,891	
Creditors: amounts falling due within one year	13(a)	**(341,793)**		(309,562)	
Net current liabilities			**(104,487)**		(95,671)
Creditors: amounts falling due after one year	13(b)		**-**		(21,585)
Total net assets			**1,117,135**		1,028,731
The funds of the charity					
Unrestricted funds					
. General funds			**1,081,642**		978,063
. Designated funds	14		**21,355**		26,519
. Fixed asset fund	15		**14,138**		24,149
Total funds			**1,117,135**		1,028,731

The financial statements were approved by the Council and were signed on its behalf by:

Prof. Phil Cardew

Date: [13.02.2025]

Company Registration Number 01828990 (England and Wales)

Statement of cash flows Year to 31 August 2024

	Notes	2024 £	2023 £
Cash flows from operating activities:			
Net cash (used in) operating activities	A	**(73,526)**	(79,367)
Cash flows from investing activities:			
Purchase of tangible fixed assets		—	(1,235)
Investment income received		**38,584**	21,660
Proceeds from sale of investments		**174,899**	424,556
Purchase of investments		**(109,500)**	(437,385)
Net cash provided by (used in) investing activities		**103,983**	(28,319)
Change in cash and cash equivalents in the year		**30,457**	(107,686)
Cash and cash equivalents at 1 September 2023	B	**203,862**	311,548
Cash and cash equivalents at 31 August 2024	B	**234,319**	203,862

Notes to the statement of cash flows for the year to 31 August 2024

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

	2024 £	2023 £
Net movement in funds (as per the statement of financial activities)	**88,404**	**(94,175)**
Adjustments for:		
Amortisation charge	**3,846**	**3,845**
Depreciation charge	**6,165**	**8,559**
Net (gains)/losses on investments	**(140,143)**	**66,313**
(Increase)/decrease in debtors	**(3,860)**	**8,379**
Decrease/(increase) in creditors	**10,646**	**(50,628)**
Investment income receivable	**(38,584)**	**(21,660)**
Net cash (used in) operating activities	**(73,526)**	**(79,367)**

B Analysis of cash and cash equivalents

	2024 £	2023 £
Cash at bank and in hand	**195,910**	188,297
Cash Held in Listed Investments	**38,409**	15,565
Total cash and cash equivalents	**234,319**	203,862

C Analysis of changes in net debt

	At 1 September 2023	Cash flows	**At 31 August 2024**
Cash at bank and in hand	188,297	7,613	**195,910**
Cash Held in Listed Investments	15,565	22,844	**38,409**
Total	203,862	30,457	**234,319**

Principal accounting policies Year to 31 August 2024

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

Basis of preparation
These financial statements have been prepared for the year to 31 August 2024 and are presented in sterling rounded to the nearest pound.

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

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

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

Critical accounting estimates and areas of judgement
Preparation of the financial statements requires the Council members and management to make significant judgements and estimates.

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

- estimating the useful economic life of tangible fixed assets.
- estimating the useful economic life of intangible fixed assets.
- estimating the provision for costs associated with the membership review by the European Association for Quality Assurance in Higher Education (ENQA).

Assessment of going concern
The Council members have assessed whether the use of the going concern assumption is appropriate in preparing these financial statements. The Council members have made this assessment in respect to a period of one year from the date of approval of these financial statements.

The Council members of the charity have concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the charity to continue as a going concern. In making this assessment the trustees have considered the impact of longer-term impacts of world events. In response, the charity has taken steps to ensure that there are sufficient levels of cash available as outlined in the trustees' report. Members of the Council are of the opinion that the charity will have sufficient resources to meet its liabilities as they fall due.

Assessment of going concern (continued)
The net current liabilities position is due to advanced payments received for 2023/24 annual accreditation fees and inspections planned to take place in the next financial year.

The most significant areas of judgement that affect items in the financial statements are detailed above. With regard to the next accounting period, the year ending 31 August 2024, the most significant areas that affect the carrying value of the assets held by the charity are the level of investment return and the performance of the investment markets (see the investment policy of the Report of the Council for more information).

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

Income comprises fees from inspections and accreditations, consultancy contracts, investment income and grants.

Accreditation and inspection fees are recognised when they have been earned. For inspection fees, entitlement is measured with reference to the date that the inspection takes place.

Income of a contractual nature is recognised to the extent that it is probable that the economic benefits will flow to the charitable company and the revenue can be reliably measured. It is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value-added tax and other sales taxes.

Dividends are recognised once the dividend has been declared and notification has been received of the dividend due. Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charitable company; this is normally upon notification of the interest paid or payable by the bank.

Donations and grants are recognised on a receivable basis (where there are no performance-related conditions) where the receipt is probable, and the amount can be reliably measured.

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

Expenditure is classified under headings that aggregate all costs related to the category. Where costs cannot be directly attributed to particular headings, they have been allocated to activities on a basis consistent with the use of resources.

Governance costs, comprising the costs involved in the public accountability of the charity (including audit costs) and costs in respect to its compliance with regulation and good practice, are allocated to the cost of charitable activities.

Principal accounting policies Year to 31 August 2024

Intangible fixed assets
Intangible assets comprise of purchased computer software licences and any costs directly attributable to bringing the licences into use, such as configuration or implementation costs.

The costs of acquiring the software licences are capitalised where all the criteria in FRS 102 are met. Intangible assets are capitalised where expenditure of £3,000 or more is incurred.

Intangible assets are included initially at cost, Intangible assets are amortised on a straight-line basis over the life of the licence, currently standing at 20% per year, or the period over which the British Accreditation Council anticipates using the asset over its useful life. Amortisation charges are included in expenditure on charitable activities, as either direct costs or support costs, according to the activity that the underlying asset is used to deliver.

Tangible fixed assets
Items are capitalised where the purchase price exceeds £250. Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Computer equipment and office furniture	33% on cost
Fixtures and fittings	Straight line basis over the lease term (44 months).

Fixed asset investments
Fixed asset investments consist of listed investments.

Listed 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.

The main form of financial risk faced by the charity is that of fluctuations in equity and investment markets due to wider economic conditions, the attitude of investors to investment risk, and changes in sentiment concerning equities within particular sectors or sub sectors.

Realised gains (or losses) on investment assets are calculated as the difference between disposal proceeds and their opening carrying value, or their purchase value if acquired subsequent to the first day of the financial year. Unrealised gains and losses are calculated as the difference between the fair value at the year end and their carrying value at that date. Realised and unrealised investment gains (or losses) are combined in the statement of financial activities and are credited (or debited) in the year in which they arise.

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

Principal accounting policies Year to 31 August 2024

Cash at bank and in hand

Cash at bank and in hand represents such accounts and instruments that are available on demand or have a maturity of less than three months from the date of acquisition. Deposits for more than three months but less than one year have been disclosed as short-term deposits.

Creditors and provisions

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

Taxation

The British Accreditation Council is a registered charity and therefore is not liable to income tax or corporation tax on income derived from its charitable activities, as it falls within various exemptions available to registered charities.

Fund accounting

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the Council members. Designated funds which are set aside at the discretion of the Trustees for a specific purpose, or where funds are effectively constrained by their application in operational fixed assets.

The fixed asset fund represents the net book value of the fixtures, fittings, office furniture, computer equipment of the charity and intangible assets referring to software licenses. Such assets are vital to the charity being able to carry out its work and the value invested in the assets cannot, therefore, be realised in order to meet future expenditure or liabilities. To emphasise this point, the net book value of the assets is represented by a specific fixed asset fund on the balance sheet.

The trustees have designated funds of £75,000 in the previous year for the purpose of developing internal capabilities and new provider schemes and any application of designated funds are set out in note 14 to the accounts.

Pension costs and other post-retirement benefits

The charity operates a defined contribution pension scheme. Contributions payable to the charity's pension scheme are charged to the statement of financial activities in the period to which they relate.

Notes to the financial activities Year to 31 August 2024

1 Income from charitable activities – Accreditation and inspection fees

	2024 **£**	2023 £
Accreditation Fees UK	**426,205**	393,989
Inspection Fees UK	**245,171**	280,397
Application Fees	**7,350**	11,550
Other Fees	**28,080**	28,113
	706,806	714,049

2 Investment income

	2024 **£**	2023 £
Interest receivable	**3,267**	1,295
Dividends from investment portfolio	**35,317**	20,365
	38,584	21,660

3 Expenditure on:

		Support costs				
	Direct costs £	Running costs £	Finance £	Staff costs £	**2024 Total £**	2023 Total £
Raising funds						
. Investment manager fees	7,871	—	—	—	**7,871**	7,536
Accreditation and inspection:						
. Accreditation and inspection delivery	172,876	146,519	940	437,487	**757,822**	730,548
. Bad debts	2,984	—	—	—	**2,984**	—
. Governance (note 4)	—	28,452	—	—	**28,452**	25,487
	183,731	174,971	940	437,487	**797,129**	763,571

		Support costs				
	Direct costs £	Running costs £	Finance £	Staff costs £	**2023 Total £**	2022 Total £
Raising funds						
. Investment manager fees	7,536	—	—	—	7,536	3,380
Accreditation and inspection:						
. Accreditation and inspection delivery	185,843	138,634	669	405,402	730,548	683,236
. Bad debts	—	—	—	—	—	2,180
. Governance (note 4)	—	25,487	—	—	25,487	16,350
	193,379	164,121	669	405,402	763,571	705,146

4 Governance costs

	2024 £	2023 £
Legal and professional fees	**8,996**	4,161
Council Expenses	**3,342**	2,573
Accountancy fees	**2,014**	2,013
Auditor's remuneration	**14,100**	16,740
	28,452	25,487

5 Net expenditure

	2024 £	2023 £
Net expenditure is stated after charging:		
Auditor's remuneration – statutory audit		
. Current year	**14,100**	13,140
. Prior Year	**—**	3,600
Amortisation	**3,846**	3,846
Depreciation	**6,165**	8,559

6 Transactions with Council members and key management personnel

The Council members consider that they, together with the Chief Executive, Chief Inspector and the new position of Deputy Chief Executive, created at the start of the year, comprise the key management personnel of the charity in the period under review. The total remuneration of the key management personnel for the year (including taxable benefits and employer's pension and national insurance contributions) was £170,211 (2023 – £115,736).

The 11 Council members received no remuneration or other benefits for the year ended 31 August 2024 (2023 – £nil).

Expenses were reimbursed to four Council members for out-of-pocket expenses of £599 (2023 – £734 to four Council members).

Notes to the financial activities Year to 31 August 2024

7 Staff costs

	2024 **£**	2023 £
Wages and salaries	**361,521**	333,954
Social security costs	**33,101**	31,429
Pension costs	**32,654**	31,200
Agency & Freelance staff	**10,211**	8,819
	437,487	405,402

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

	Average headcount	
	2024 **No.**	2023 No.
Administration/ management	**5**	5
Inspection	**2**	2
Accreditation	**2**	2
	9	9

The were no employees (2023 - none) who earned £60,000 per annum or more (including taxable benefits but excluding employer pension contributions).

8 Intangible fixed assets

	Software Licenses £	**Total £**
Cost		
At 1 September 2023	19,228	**19,228**
Additions	—	—
At 31 August 2024	19,228	**19,228**
Amortisation		
At 1 September 2023	4,165	**4,165**
Charge for the year	3,846	**3,846**
At 31 August 2024	8,011	**8,011**
Net book value		
At 31 August 2024	11,217	**11,217**
At 31 August 2023	15,063	**15,063**

9 Tangible fixed assets

	Computer equipment and office furniture £	Fixtures and fittings £	**Total £**
Cost			
At 1 September 2023	59,320	16,208	**75,528**
Additions	—	—	**—**
Disposals	(4,959)	—	**(4,959)**
At 31 August 2024	54,361	16,208	**70,569**
Depreciation			
At 1 September 2023	56,127	10,315	**66,442**
Charge for the year	1,745	4,420	**6,165**
Eliminated on Disposal	(4,959)	—	**(4,959)**
At 31 August 2024	52,913	14,735	**67,648**
Net book value			
At 31 August 2024	1,448	1,473	**2,921**
At 31 August 2023	3,192	5,894	**9,086**

10 Fixed assets investments

	2024 £	2023 £
Market value		
At 1 September 2023	**1,094,331**	1,111,900
Additions at cost	**109,500**	473,300
Disposal at opening market value (proceeds £174,899; loss £7,128)	**(182,027)**	(465,442)
Net unrealised gain/(loss)	**147,271**	(25,427)
At 31 August 2024	**1,169,075**	1,094,331
Cash held within listed investments	**38,409**	15,565
	1,207,484	1,109,896
Cost		
At 31 August 2024	**1,058,555**	1,106,858
At 31 August 2023	**1,106,858**	1,135,593

	Total 2024 £
Unrealised gains included above on listed investments (see below)	**110,520**
Reconciliation of movements in unrealised gains on investments	
Unrealised losses at 1 September 2023	**(12,527)**
Unrealised losses brought forward and losses realised in the year	**24,224**
Net unrealised Gains in the year	**147,271**
Unrealised gains at 31 August 2024	**110,520**

10 ***Fixed assets investments*** *(continued)*

The following holdings comprised a material holding when compared to the value of the total listed investment portfolio at 31 August 2024:

	Market Value £	%
Volare Sterling Fi Offshore Fund Z Inc	164,766	14
Government of United Kingdom 3.5 % BDS	74,150	6
Volare Global Fi Offshore Fund Z Inc	62,321	5

Listed investments at 31 August 2024 comprised the following:

	2024 £	2023 £
Alternative Strategies	**77,121**	80,770
Overseas Equities	**510,992**	453,749
UK Equities	**159,380**	148,599
UK Fixed Interest	**421,582**	411,213
	1,169,075	1,094,331
Capital & Cash Account	**38,409**	15,565
	1,207,484	1,109,896

11 Debtors: amounts falling due after one year

	2024 £	2023 £
Other Debtors	**-**	11,941
	-	11,941

Other debtors consist of a repayable deposit paid to secure the leasehold contract for the head office premises.

12 Debtors: amounts falling due within one year

	2024 £	2023 £
Charitable activity debtors	**10,065**	10,628
Prepayments and accrued income	**19,390**	14,966
Other Debtors	**11,941**	-
	41,396	25,594

Other debtors consist of a repayable deposit paid to secure the leasehold contract for the head office premises.

13 (a) Creditors: amounts falling due within one year

	2024 £	2023 £
Charitable activity creditors	**12,496**	8,659
Social security and other taxes	**21,389**	9,159
Accruals	**23,728**	22,107
Deferred income	**283,128**	266,794
Other creditors	**1,052**	2,843
	341,793	309,562

Deferred income relates to inspection fees received in advance of inspections taking place and accreditation fees paid in advance for the next academic year. Movements on deferred income are shown below:

	2024 £
Deferred income at 1 September 2023	**266,794**
Resources released in the year	**(266,794)**
Resources deferred in the year	**283,128**
Deferred income at 31 August 2024	**283,128**

13 (b) Creditors: amounts falling due after one year

	2024 £	2023 £
Provisions	—	21,585
	—	21,585

The trustees have acknowledged their responsibility to uphold and enhance the standards and quality of Higher and Further Education at a global level. In order to meet this obligation to its stakeholders, the charity strives to maintain membership with the European Association for Quality Assurance in Higher Education (ENQA) and to be listed on the European Quality Assurance Register for Higher Education (EQAR). ENQA conducts a review of its members every five years, which is associated with a cost of approximately £36,000.

The provision for the ENQA review has been fully utilised in the current financial year.

14 Designated funds

	Sep-23	**New designations**	**Utilised / Released**	**Sep-24**
	£	**£**	**£**	**£**
The Development Fund	26,519	—	(5,164)	21,355
	26,519	—	**(5,164)**	**21,355**

To support our growth activities, BAC has drawn down funds from our investment income to create 'The Development Fund', which is being regularly monitored by the Audit Committee. The fund has been used or allocated for several projects, all linked to the Strategic Plan.

Unused funds are expected to be utilised within a time frame of 1 year from the reporting date.

15 Fixed asset fund

	Total £
At 1 September 2023	**24,149**
Net movements in year	**(10,011)**
At 31 August 2024	**14,138**

The fixed assets fund represents the net book value of the charity's fixed assets. The fund recognises the fact that the assets are required for the day-to-day operation of the charity and are not available for other purposes or as a general reserve.

16 Related party transactions

Dr Esther Huertas is on the council of trustees for BAC and European Network for Quality Assurance in Higher Education (ENQA). The BAC are a registered member association of ENQA and make annual payments for membership and recognise a constructive obligation to undergo a membership review every 5 years. Total expenditure related to ENQA in the year was £22,217, which accounts for £4,588 annual membership fees due in the year and a Targeted Review Fee of £17,629 has been recognised (2023: £10,559 expenditure and a provision of £6,032). There are no outstanding balances at the end of the year (2023: none).

Dr Anthony Manning is on the Council of trustees for BAC and representative speaker for the UK Council for International Student Affairs (UKCISA). The BAC are a registered member association of UKCISA and make annual payments for membership. Membership fee due in the year was £584 (2023: £545).

Council of Validating Universities has a secretariat agreement with the BAC, as a result of this relationship Dr Janet Bohrer has been appointed as secretary of CVU, the reason for this is so she may carry out the obligations agreed between CVU and BAC, only when instructed by the council members of CVU. The total income received by the BAC is £28,000 (2023: £28,000). There are no outstanding debts due at the end of the year.

Other than as set out above and in note 6, there were no other transactions between the charity and any of its related parties.

17 Ultimate controlling party

The charity is under the ultimate control of the Council members.

18 Financial commitments

At 31 August 2024 the charity had total commitments under non-cancellable operating leases as follows:

	2024 Land and buildings £	2023 Land and buildings £
Operating lease payable		
Within one year	**13,467**	42,373
Between 2 to 5 years	—	13,467

Post year end, the charity has signed a new lease agreement for the office premises for 5 years, starting on 25 December 2024. The total minimum payment is £321,194, this represents rent and service charge payments.

BRITISH ACCREDITATION COUNCIL FOR INDEPENDENT FURTHER AND HIGHER EDUCATION

England & Wales - Charity number 326652

Accounts

British Accreditation Council for Independent Further and Higher Education

Annual Report and Financial Statements

31 August 2023

Company Registration Number
01828990 (England and Wales)

Charity Registration Number
326652

Reference and administrative details

Members of the Council	Prof Phil Cardew (Chair) Appointed on 1 September 2022 Prof David Law (Deputy Chair) Dr Stephen Jackson (Honorary Treasurer) Marc Griffith Dr Esther Huertas Hidalgo Dr Anthony Manning Kevin Everett Prof. Mary Bishop Dr. Victoria Stec Md. Mahbubal Alam (Student member) Dr. Nicola Mellor
Company Secretary	Dr Janet Bohrer
Registered office	First Floor Wax Chandlers Hall 6 Gresham Street London EC2V 7AD
Company registration number	01828990 (England and Wales)
Charity registration number	326652
Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL
Solicitor	Bates Wells and Braithwaite London LLP 10 Queen Street Place London EC4R 1BE
Banker	CAF Bank 25 Kings Hill Avenue West Malling Kent ME19 4JQ
Investment manager	Aberdeen Standard Capital 1 George Street Edinburgh EH2 2LL
Key Management Personnel	Dr Janet Bohrer (Chief Executive) Diana Morriss (Chief Inspector) Lucy Fox (Deputy Chief Executive) Appointed on 1 September 2023

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Report of the Council Year to 31 August 2023

The members of the Council present their annual report together with the audited financial statements of the British Accreditation Council for Independent Further and Higher Education ('British Accreditation Council' or 'BAC') for the year ended 31 August 2023.

The financial statements have been prepared in accordance with the accounting policies set out on page 244 to 27 therein and comply with the charitable company's Memorandum and Articles of Association, applicable laws and the requirements of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102).

This report has been prepared in accordance with Part 8 of the Charities Act 2011 and constitutes a directors' report for the purposes of company legislation.

Structure, governance and management

The British Accreditation Council was incorporated on 29 June 1984 (Company No 1828990) and registered as a UK charity on 28 August 1984 (Charity No 326652). It is limited by guarantee without share capital. The liability of the members is limited to £10 each and accumulated funds are not distributable to the members.

The governing instrument under which the Company operates is its Memorandum and Articles of Association. Amended Articles of Association were approved by the charity on 19 October 2017 and 2 April 2018 by special resolution. The Articles of Association were reviewed in April 2021 and were considered fit-for-purpose.

The directors are treated as trustees for Charities Act purposes.

Members of the Council

The members of the Council are the Board of Trustees. The trustees who served during the year, and up to the date of approval of this report, are shown in the reference and administrative details at the front of this report.

The Articles of Association provide for a maximum of twelve directors. The trustees may appoint any director as a member of the Board of Trustees. The chair and deputy chair are appointed by the Board.

Induction and training of Council members

At the recruitment stage potential Council members are given extensive information about the organisation and are fully informed of the purpose and charitable objectives of BAC. Potential trustees are then invited to meet with the Standing Committee to discuss the challenges facing the organisation and their potential contribution to the charity. Following appointment and ratification by Council, induction meetings are organised for new members of Council and Accreditation Committee as appropriate.

Structure, governance and management (continued)

Statement of Council's responsibilities

The Council members (who are also trustees and directors of the British Accreditation Council for Independent Further and Higher Education for the purposes of company law) are responsible for preparing the annual 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 Council members to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the income and expenditure of the charitable company for that period.

In preparing these financial statements, the Council members are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable to the United Kingdom and Republic of Ireland (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

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

Each of the Council members confirms that:

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

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

Structure, governance and management (continued)

Statement of Council's responsibilities *(continued)*
The Council members 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.

Governance
The governance structure consists of the Council, which is formed of the trustees, and acts as the Board of Directors. The Council meets three times a year.

The Chair of the Council is Prof Phil Cardew, appointed 1 September 2022.

The Council has three sub-committees. The Audit Committee provides financial and regulatory oversight and is chaired by Dr Stephen Jackson (Honorary Treasurer) who is also a member of the Standing Committee.

The Standing Committee meets between Council meetings to provide continuity and support the charity. The Standing Committee has, as members, the Chair of the Council, the Deputy Chair of the Council and the Honorary Treasurer. Duties of Nominations and Governance are discharged by the Standing Committee.

The responsibility for decisions on accreditation is overseen by the Accreditation Committee (AC). The AC is appointed by the Council and consists of members appointed by virtue of their experience and expertise with regard to educational standards. Dr Anthony Manning is the Chair of the Accreditation Committee. The Accreditation Committee receives the reports of completed inspections and takes decisions on the award or withdrawal of accreditation, making its recommendations based on BAC's accreditation policy and procedures. It also regularly reviews the quality assurance criteria used by inspectors in making judgements and recommendations. The Committee had six meetings and three sub-committees this year.

Key management personnel
In the period of review, Council members consider that they, together with the Chief Executive and the Chief Inspector, comprise the key management personnel of the charity. None of the Council members receive any remuneration from the charity in connection with their role as Council members.

As part of the annual review of salaries, all staff including the CEO received a 5% increase in salary which was applicable from 1 September 2022.

Other transactions with members of the Council are disclosed in note 6.

Fundraising statement
The charity does not actively undertake fundraising activities and does not employ the services of Professional Fundraisers. During 2022/23, the charity received no complaints about fundraising activities.

Structure, governance and management (continued)

Objectives and activities

The British Accreditation Council for Independent Further and Higher Education is registered for charitable purposes and its objects are:

- providing a system of accreditation for educational and training institutions in order to promote public confidence in such institutions and their programmes of study; and
- assisting in the improvement and maintenance of the standards of accredited institutions through the offer of advisory and consultancy services principally in the field of further and higher education.

Public benefit

The Council members have taken into regard the Charity Commission's guidance on public benefit and that all the Council's activities are directed to fulfilling its charitable objects of the improvement and maintenance of standards in independent further and higher education and training and that in doing so it is working for the public benefit. Some of these benefits are given below:

- The BAC accreditation mark provides students and potential students with an indication of quality.
- BAC inspections supports the HM Government to protect the reputation of further and higher education and training in the UK by providing independent judgments, made on the basis of inspection by qualified and experienced inspectors, of the quality of provision of private institutions of further and higher education and training.
- The information, marketing and promotional work undertaken ensures that international students, agents and the education sector as a whole are aware of the range of institutions and courses available.
- Training events and seminars assist in the professional development of staff and institutions, thereby improving the quality of provision.
- The advice and support offered to institutions through informal and formal avenues provide them with guidance regarding good and best practice, thus helping to raise standards of provision.
- The complaints procedure provides students with a free and accessible means of resolving disputes with accredited institutions.

Achievement and performance

Accreditation and inspection activity

The table below gives details of the applications received, inspections carried out and awards of accreditation in the period 1 September 2022 to 31 August 2023 and compares these with the figures from the previous year.

	September 2022 to August 2023	**September 2021 to August 2022**
New institutions awarded accreditation – UK	10	13
New institutions awarded accreditation –international	4	3
Total number of accredited institutions **	195	198
Number of international accredited institutions **	36	35
Withdrawals	16	27
Applications received from new institutions	24	21
Inspections conducted	64	69

***** numbers as of 31 August***

BAC's objectives 2022-23: Progress made

During 2022-2023, we planned some operational changes to the staff structure that became effective from 1 September 2023. The Office PA role is now Operations Manager and the Governance and Business Development Manager is Deputy Chief Executive. The Deputy Chief Executive role has line management responsibilities for the Operations Manager and Accreditation Manager positions.

With regard to BAC's objectives for 2022/23, the following progress has been made:

Objectives	**Progress**
BAC will **invest in growth** by expanding products and services to add value to current accredited providers and to attract a wider range of new providers	• With the launch of the new Common Quality Framework in September 2022, and as part of our internal quality assurance procedures, we reviewed all six of our accreditation schemes in 2022-2023. The College and International Centre schemes underwent a full review, and the remaining four schemes had a light touch internal review and were updated as necessary. We published the updated schemes on our website on 1 September 2023. • As part of the review, providers applying under the International Centre scheme can now apply for candidacy accreditation status and international providers are now eligible to apply under the College scheme. • To support our growth activities, we have drawn down funds from our investment income to create 'The Development Fund', which is being regularly monitored by the Audit Committee, and has already been used or allocated for several projects. • The Micro-credentials (MC) Scheme pilot continues, and we have conducted two inspections so far. The inspection reports will both be submitted to the Accreditation Committee in January 2024 for their decision on

	accreditation. We are currently reviewing the scheme and the process to decide the next steps for this scheme. • One of our inspectors agreed to lead on the development of a Liaison Scheme pilot. The aim of this project is to add value for BAC providers and could provide a small expansion of income generating activities. Work had started on this and an initial workshop took place with inspectors in December 2022 but the project is currently on pause due to prioritising other commitments. • Considering our plans for growth, we started a review of our accreditation processes. We aim to enhance capacity and streamline processes while maintaining the integrity of our standards. The review is ongoing, and we have updated the re-accreditation application process.
BAC will continue to promote and be active in the quality assurance **Community**	• Prof. Phil Cardew, the Chair of Council, attended the ENQA General Assembly in October 2022, in Sweden. We submitted a nomination for Prof. Cardew to join the ENQA board. Although we were not successful on this occasion, we have shown our interest in being more active in the wider quality assurance arena. • Hayley Boyes, Higher Education Manager, attended the ENQA General Assembly in October 2023, in Dublin. Delegates from 42 different countries including all EHEA countries that have an ENQA agency were at the event. • Our BAC Annual Stakeholder Event took place in March 2023. This year, the themes of the event were internationalisation, qualifications and recognition with keynote speakers giving an overview of the topic followed by case studies from accredited providers. Held online, over 50 attendees were present across eight different countries including Switzerland, Ghana and South Africa to listen to BAC's update and hear from our speakers. • The dissemination event for the ENQA working group on external quality assurance of micro-credentials took place online 27 September 2022. It was a great success with over 200 attendees. It was clear how much work had taken place over the previous 18 months. Professor Anca Greere chaired the group on BAC's behalf and we were very pleased to have the opportunity to present a case study our upcoming Pilot Micro-credentials (MC) Scheme. • The BAC webinar series continued with good attendance from providers. • In November 2023, Professor Anca Greere (BAC Senior Consultant) and Lucy Fox (Deputy CEO) attended the European Quality Assurance Forum (EQAF) 2023 in Aveiro, Portugal. They delivered a workshop titled, 'Designing micro-credentials to respond to European quality assurance expectations: What might be successful parameters?' The workshop was one of only 9 chosen out of 21 proposals and it reached maximum attendance capacity on the day. It was very successful with lively discussion and helpful feedback as part of the review of the BAC MC scheme pilot.

BAC will continue to **Grow and Diversify** especially Global and European activities	• We are committed to taking a strategic approach to the growth of BAC and we have prioritised plans and activities that will attract a wider range of new providers. We are looking at a three-tiered growth plan of short-, medium- and long-term goals but with two main objectives: -To increase the number of accredited providers -To explore other sources of income We have identified that currently the most promising prospects for growth in the short term lie internationally and as a result, we are focused strongly on our international strategy. • We agreed a six-month contract with Cormack Consultancy Group (CCG) which started in February 2023. Their remit was to identify specific opportunities with providers that meet our accreditation eligibility requirements. We have had several initial meetings and received one application through this route. We are also exploring projects outside of accreditation, including how we might support universities in Ukraine. • We created a one-page document about BAC so that trustees, and other BAC representatives, have material to take to meetings to use if appropriate on their travels for their own organisations or other business engagements.
BAC will actively engage in the development of its **Ethical responsibilities**	• The Privacy Policy and the Health and Safety Policy were updated in September 2022. • All staff have completed the following package of mandatory training via e-learning: -Personal Data Protection – 50 minutes – CPD certified -Keeping Information Secure (Global) – 45 minutes - CPD certified -Respect in the workplace – 40 minutes – CPD certified
BAC will continue to develop good practice in its use of **integrated use of the data and information** collected from BAC inspections and other work	• Implementation of the CRM is ongoing. Workflows have been put on the system and the accreditation team are using it alongside existing systems and problem solving as they go. We are working with the Project Manager to move on to the next phase. • As part of our Annual Survey for calculating annual accreditation fees, this year we requested that all providers submit data about the number of students enrolled in order to give a better picture of our providers overall. It will not affect how fees are calculated but we will collect, analyse and report on the information as appropriate.

Risk management

The Council members have a duty to identify and review the risks to which the charity is exposed and to ensure appropriate controls are in place to provide reasonable assurance against fraud and error. The Council members delegate ongoing oversight to the Audit Committee for annual review to Council or reporting by exception. The Audit committee meet regularly where risk mitigation activities and emerging risks are reviewed. The Audit Committee has a standing agenda item for every meeting to review a dashboard of risks and a paper focusing on a specific area, as appropriate.

The members of Council are satisfied with the measures employed to assess and address identified risks.

Identified Risk	**Mitigating Actions**
Reputational damage arising out of inappropriate activity or behaviour	BAC has embedded integrity and transparency across all activities. All BAC representatives are DBS checked when working with under 18's. BAC has produced clear inspection guidelines and conducts monitoring inspections to ensure they are adhered to. The Bribery and Anti-Corruption policy is strictly enforced and monitored. There are plans to provide workshops for trustees and staff on governance topics. BAC has the necessary legal insurance requirements and professional indemnity cover to provide financial support in the event BAC is accused of acting inappropriately.
Loss of key staff	We have Standard Operating Procedures (SOPs) for common processes so that other members of staff can take over when a staff member leaves BAC. We have introduced periodic benchmarking of salaries for job roles to ensure pay and other fiscal rewards are competitive. We periodically review the contract template and the Employee Handbook so we can be confident in our policies and procedures when recruiting to replace a member of staff. We have adopted a flexible working policy. Staff wellbeing is of high importance. We have a trained St John's Ambulance First Aider and a Mental Health First Aider on the staff team. The sickness policy is robust.
Change in government student visa regime	BAC has developed a range of value-added products including webinars and the Marketing Pack to attract and retain providers and reducing susceptibility to withdraw in the extreme event of BAC being removed from the list of UK government approved accrediting bodies. BAC has significantly increased due diligence in accepting new and reaccreditation applications and developed and implemented a more rigorous inspection process in order to build and maintain confidence in the inspection and accreditation process.

	We are diversifying income streams to reduce reliance on the UK market and limit the impact of an unexpected change in government policy. We have a direct contact at the Home Office.
Competition increases in the quality assurance arena	BAC conducts regular reviews of BAC processes to ensure they meet the needs of external stakeholders. BAC continues to develop products and processes to ensure they remain world leading in terms of quality assurance. We are working to improve the BAC profile in all markets in which we operate. We have built and continue to build and develop links with stakeholders through webinars, news updates and the Provider Journey. We maintain strict cost controls to allow competitive prices to be offered to existing and new providers. We are increasing investment in developing and promoting BAC across all markets.
Financial loss arising out of financial impropriety	BAC maintains a large financial reserve equivalent to 18 months of operating costs. BAC has extensive and transparent financial controls and by choice undergoes an external audit each year despite being below the audit threshold. BAC has independent auditors who have a reputation for independence and rigour. There is a division of responsibility between staff who deal with banking protocols and finances. BAC's external auditor makes recommendations on internal control that arise out of the external audit and with reference to sector best practice. Funds drawn down for the Development Fund are managed separately. The use/spending of the Development Fund is overseen by the Audit Committee. The new investment portfolio has increased visibility in terms of where funds are invested as well as ethical screens and changes to investments can be made quickly through the investment manager.
Loss of ENQA Membership	A designated member of staff has key responsibilities relating to ENQA oversight and reports directly to the Standing Committee on ENQA compliance. We give relevant members of staff the necessary time and resources to attend ENQA events and to keep up to date with ENQA membership requirements. The whole staff team is made aware of any specific activity relating to ENQA compliance and they take collective responsibility for providing information and evidence as and when necessary. We review BAC procedures to make sure they are ENQA compliant on a regular basis. We have had a positive response to our interim progress report, no major causes for concern raised.

Loss of EQAR Listing	A designated member of staff has key responsibilities relating to EQAR oversight and reports directly to the Standing Committee on EQAR compliance. We give relevant members of staff the necessary time and resources to attend EQAR events and to keep up to date with EQAR listing requirements. The whole staff team is made aware of any specific activity relating to EQAR compliance and they take collective responsibility for providing information and evidence as and when necessary.
Catastrophic infrastructure failure or cyber attack	All data is now backed up offsite. Key IT infrastructure is now in the Cloud with greater security and multiple backup processes. Financial information is now held in the Cloud via Xero and is considered to be as secure as is feasibly possible for an organisation of BAC's size. In the event of damage to or no access to premises, BAC telephone services have been rerouted to temporary accommodation. The policy is for staff not to leave their laptops in the office overnight so they can work remotely at short notice. We have implemented Multi Factor Authentication for our devices and Microsoft 365 with our IT support provider.
Significant and prolonged downturn in stock markets negatively impacting BAC investments and reducing capital to invest	We take expert advice on management of BAC investments. We have moved the portfolio to direct investments with more transparency and with better annual performance overall compared to the previous portfolio. We have the flexibility to make changes almost immediately. Investment performance is monitored by the Audit Committee.
International Recession	We maintain awareness of leading economic indicators. We maintain close links with the sector to monitor sector feedback. We continue to provide added value activities thereby increasing the value of BAC accreditation. We continue to communicate the value of accreditation to BAC providers, educators, students and governments.
Global economic crisis	Robust banking arrangements and appropriate insurance are in place. We can adapt financial arrangements to support providers such as dormancy criteria, payment plans and postponement of inspections on a case-by-case basis.

Regulatory Framework in the UK changes	We maintain awareness of the political debate. We identify possible outcomes of different scenarios. We review the impact of possible scenarios on a regular basis to monitor the impact on BAC accredited institutions or on the impact on BAC's right to conduct accreditation activities.
National or global pandemic	We continue to develop our digitised processes to ensure remote working online can be applied to all BAC operations. We have introduced flexible working arrangements for staff and can implement full-time home working at short notice. The office arrangements and equipment are suitable for socially distanced working. Key staff undertake relevant Health and Safety training as necessary. We continue to receive Health and Safety and HR support services and advice from Worknest; We have communicated to staff what support there is for wellbeing, there is an updated Employee Handbook, an Employee Assistance Programme that offers counselling and a 24hr support line and we have a trained Mental Health First Aider on the team. We can adapt financial arrangements to support providers such as dormancy criteria, payment plans and postponement of inspections on a case-by-case basis.
War in Ukraine	We do not currently work with any providers who are based in Ukraine. We maintain awareness of ENQA messaging and the industry impact and response to the war.
Post-Brexit UK visa/border rules change	We will ensure we provide invitation letters to international visitors coming to the UK for BAC activities or events.

Future plans

The Strategic Plan 2021-2026 is a five-year plan and detailed objectives and activities are monitored through an internal three-year action plan.

BAC objectives for 2023-25 are as follows:

Objectives	Proposed actions
BAC will **invest in growth** by expanding products and services to add value to current accredited providers	• We will complete a review of the MC scheme and if successful will be added to our existing suite of schemes and marketed as necessary. • We will update the website and develop a plan for long term improvements.

and to attract a wider range of new providers	• We will develop further support for providers e.g., potential training module.
BAC will continue to promote and be active in the quality assurance **Community**	• We will continue our schedule of webinars. • The Annual Stakeholder Event will take place on 11 April 2024 and we will celebrate BAC's 40th anniversary. • We will undergo our third full review by The European Association for Quality Assurance in Higher Education (ENQA). • We will look for further opportunities to attend conferences and/or contribute papers.
BAC will continue to **Grow and Diversify** especially Global and European activities	• We will continue to build on successful international inspections, developing regional activities and potential working with ministries through free and paid projects. • We will continue to develop a portfolio of activities to actively promote BAC.
BAC will actively engage in the development of its **Ethical responsibilities**	• The review of our working practices will continue including updating our Data Protection policies and procedures and business continuity and cyber security plans. • We will calculate our carbon footprint and take steps towards zero carbon emissions. • We will look to implement ways in which we can lead in the promotion of environmental responsibility and being open about our sustainable development goals. • We will continue to review value for money from our suppliers whilst also recognising London Living Wage hourly rates.
BAC will continue to develop good practice in its use of **integrated use of the data and information** collected from BAC inspections and other work	• The implementation of the CRM will be complete, and we will monitor its use and look for further ways it can improve our operations. • We will focus on the report process for inspections and look to process them through using Sharepoint and all information uploaded to an online portal. • We will produce thematic reports and use them to influence the direction for development of inspection methodologies as well as themes for enhancement workshops. • We will conduct governance reviews as endorsed by Charities Good Practice and as preparation for increased work with a potential growth of activities.

Financial review

A summary of the year's results can be found on page 211 of the financial statements. The deficit for the year before gains on investments was £48,227 (2022 – £84,699).

The total income for the year is £735,709, an increase of around £115,262 over the previous year (2022 - £620,447). This is a positive sign and suggests the charity is on track to returning to pre covid 19 performance.

During the period under review, expenditure has increased approximately by £58,000 which was expected. £16,000 is the result of increased inspection activity, £29,000 was spent to improve on the internal capabilities of the charity and the remaining £13,000 is related to increase in general running costs.

The net deficit for the year was £94,175 after loss on investments of £66,313. The loss in value is a result of the market's response to a number of factors and world events (2022 – deficit for the year was £118,992 after loss on investments of £34,293).

The forecasted year-end deficit prompted the board to take proactive measures to address the situation. To that end, the board has allocated £75,000 in general unrestricted funds with the aim of investing in the organisation's capabilities. This includes implementing new operational processes such as CRM software, which is expected to drive cost-saving efficiencies for the charity. Additionally, the funds will be used to support growth efforts and explore new opportunities to enhance the organisation's visibility and attract new providers to apply for accreditation.

Income

Accreditation fees

The income generated from accreditation fees has seen an improvement of approximately 19%, with a total of £393,989 in 2023, as compared to £330,548 in 2022. This is a result of a 5% increase in accreditation fees set in place in the previous year, we have also seen fewer organisations in dormancy and an encouraging sign of increased number of new providers who have been approved for accreditation in the year.

Inspection Fees

Inspection fee income has increased in the year by 11% to £280,397 (2022 – 24%, £253,231), mostly related to inspections that have been delayed due to Covid-19 have now taken place as well as the new providers who have joined the accreditation schemes this year and inspections that have taken place as a part of that process.

Other Income

The performance of our fixed asset investment portfolio has been below expectations, resulting in a net loss of £66,313 during the period under review. This is attributed to the impact of central banks around the world increasing rates in response to inflation and other global events on financial markets. The Audit Committee remains vigilant in its oversight of investment performance, given the ongoing instability in financial markets.

Expenditure

Charitable Activities

Direct expenditure includes the cost of conducting inspections of accredited organisations, offering workshops to providers on a range of issues and the improvement of internal capabilities. Expenditure is directly correlated with projects undertaken to increase scope of the charity's work and the inspection activity, which is influenced by the numbers and scope of inspections taken place in the year, direct expenditure has increased by circa 16% as predicted in the previous year, 2023 – £185,843 (2022 – £152,578).

Staff Costs and Running Costs

The total costs associated with staffing have increased in 2023 £405,402 (2022 – £388,832).

Running costs and other support costs have increased by 6% for the year, 2023 - £164,121 (2022 – £157,208). This increase in expenditure was expected as result of inflation.

Investment policy

The value of BAC's investments holding is a mixture of equities, fixed income and cash held for investment purposes. The market value at the reporting date stands at £1,109,896 in 2023 (2022 – £1,163,380). BAC's investments were held in a managed investment portfolio by Aberdeen Standard Capital (Charities Aid Foundation Managed Portfolio Service – Progressive Capital Growth Account).

The investment policy aims to generate capital growth over the medium to long term, without exposing BAC to the risks and volatility associated with a wholly equity focused portfolio. The Council members are satisfied with the performance of the investment portfolio during the year.

The charity also has cash at bank and in hand of £188,297 (2021 – £260,068). The liquidity risk is managed by maintaining a balance between the continuity of funding and flexibility of access to funds.

Reserves policy

The members of council consider that free reserves of the charity should represent at least six months' expenditure, equating to approximately £450,000, to ensure that the organisation can cope with all financial commitments without recourse to borrowing.

The free reserves on 31 August 2023 were £978,063 (2022 – £1,031,817) which exceeds the target level of reserves stated in the reserves policy. However, the Council members consider it appropriate to hold reserves in excess of the target, in consideration of the strategic objectives to be achieved and forecasted financial position over the short, medium, and long term along with the consequences of current world events, and the reserves policy reflects only the minimum level of free reserves required.

The Council will proactively assess the need for measures to mitigate the potential loss of funding resulting from providers unable to continue operations in the coming year. While it is possible that the effects of this may have a secondary impact on BAC, the Council will remain vigilant in monitoring the situation and have not deemed it necessary to utilise any more reserves than already approved in the current year.

Going Concern

The Trustees are required to confirm that it is appropriate for the BAC to adopt the going concern principle in preparing its accounts. Based on the viability review and taking into consideration the BAC closing reserves and strong cash position, the Trustees of the British Accreditation Council have reasonable expectation that the charity will continue to operate for the 12 months from the signature of this report.

As such the Trustees of the BAC continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Approved by the Council on 1 February 2024 and signed on its behalf by:

[ ]

Stephen Jackson (Mar 8, 2024 10:21 GMT)

Independent auditor's report to the members of British Accreditation Council

Opinion

We have audited the financial statements of British Accreditation Council (the 'charitable company') for the year ended 31 August 2023 which comprise the statement of financial activities, the balance sheet, the statement of cash flows, the principal accounting policies and notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2023 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusion relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Annual Report and Financial Statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the trustees' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the trustees' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the trustees' report and from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

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

- the Senior Statutory Auditor ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations; and

- we obtained an understanding of the legal and regulatory frameworks that are applicable to the charitable company and determined that the most significant frameworks which are directly relevant to specific assertions in the financial statements are those that relate to the reporting framework (Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), Companies Act, and the Charities Act) as well as data protection regulations.

Auditor's responsibilities for the audit of the financial statements (continued)
We assessed the susceptibility of the charity's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

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

- performed analytical procedures to identify any unusual or unexpected relationships.
- carried out substantive testing of expenditure including the authorisation thereof.
- reviewed journal entries to identify unusual transactions and substantiated these where appropriate; and
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias.

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

- review of the minutes of meetings of those charged with governance; and
- enquiring of management as to actual and potential litigation and claims.

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

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

A further description of our responsibilities 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 member, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's member those matters we are required to state to it 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 member, for our audit work, for this report, or for the opinions we have formed.

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

Statement of financial activities (including income and expenditure account) Year to 31 August 2023

	Notes	**Total 2023 £**	Total 2022 £
Income from:			
Charitable activities			
. Accreditation and inspection fees	1	**714,049**	620,379
Investments	2	**21,660**	68
Total income		**735,709**	620,447
Expenditure on:			
Raising funds		**7,536**	3,380
Charitable activities			
. Accreditation and inspection		**756,035**	701,766
Total expenditure	3	**763,571**	705,146
Net expenditure before losses on investments		**(27,862)**	(84,699)
Losses on investments	10	**(66,313)**	(34,293)
Net expenditure and net movement in funds		**(94,175)**	(118,992)
Reconciliation of funds			
Total funds brought forward		**1,122,906**	1,241,898
Total funds carried forward		**1,028,731**	1,122,906

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

The charity has no recognised gains or losses other than those shown above.

Balance sheet 31 August 2023

	Notes	2023 £	2023 £	2022 £	2022 £
Fixed assets					
Intangible fixed assets	8	**15,063**		18,908	
Tangible fixed assets	9	**9,086**		16,410	
Debtors	11	**11,942**		11,942	
Investments	10	**1,109,896**		1,163,380	
			1,145,987		1,210,640
Current assets					
Debtors	12	**25,594**		33,973	
Cash at bank and in hand		**188,297**		260,068	
		213,891		294,041	
Creditors: amounts falling due within one year	13(a)	**(309,562)**		(366,223)	
Net current liabilities			**(95,671)**		(72,182)
Creditors: amounts falling due after one year	13(b)		**(21,585)**		(15,552)
Total net assets			**1,028,731**		1,122,906
The funds of the charity					
Unrestricted funds					
. General funds			**978,063**		1,031,817
. Designated funds	14		**26,519**		55,771
. Fixed asset fund	15		**24,149**		35,318
Total funds			**1,028,731**		1,122,906

The financial statements were approved by the Council and were signed on its behalf by:

Stephen Jackson (Mar 8, 2024 10:21 GMT)

Date: [08/03/2024]

Company Registration Number 01828990 (England and Wales)

Statement of cash flows Year to 31 August 2023

	Notes	2023 £	2022 £
Cash flows from operating activities:			
Net cash (used in) provided by operating activities	A	**(79,367)**	20,344
Cash flows from investing activities:			
Purchase of intangible fixed assets		—	(19,228)
Purchase of tangible fixed assets		**(1,235)**	(3,999)
Investment income received		**21,660**	68
Proceeds from sale of investments		**424,556**	1,030,610
Purchase of investments		**(437,385)**	(952,230)
Net cash provided by investing activities		**7,596**	55,221
Change in cash and cash equivalents in the year		**(71,771)**	75,565
Cash and cash equivalents at 1 September 2022	B	**260,068**	184,503
Cash and cash equivalents at 31 August 2023	B	**188,297**	260,068

Notes to the statement of cash flows for the year to 31 August 2023

A Reconciliation of net movement in funds to net cash used in (provided by) operating activities

	2023 £	2022 £
Net movement in funds (as per the statement of financial activities)	**(94,175)**	(118,992)
Adjustments for:		
Amortisation charge	**3,845**	320
Depreciation charge	**8,559**	8,139
Net losses on investments	**66,313**	34,293
Decrease/(increase) in debtors	**8,379**	(24,425)
(Increase)/decrease in creditors	**(50,628)**	121,077
Investment income receivable	**(21,660)**	(68)
Net cash (used in) provided by operating activities	**(79,367)**	20,344

B Analysis of cash and cash equivalents

	2023 £	2022 £
Total cash and cash equivalents: Cash at bank and in hand	**188,297**	260,068

C Analysis of changes in net debt

	At 1 September 2022	Cash flows	**At 31 August 2023**
Cash at bank and in hand	260,068	(71,771)	**188,297**
Total	260,068	(71,771)	**188,297**

Principal accounting policies Year to 31 August 2023

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

Basis of preparation
These financial statements have been prepared for the year to 31 August 2023 and are presented in sterling rounded to the nearest pound.

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

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

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

Critical accounting estimates and areas of judgement
Preparation of the financial statements requires the Council members and management to make significant judgements and estimates.

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

- estimating the useful economic life of tangible fixed assets.
- estimating the useful economic life of intangible fixed assets.

Assessment of going concern
The Council members have assessed whether the use of the going concern assumption is appropriate in preparing these financial statements. The Council members have made this assessment in respect to a period of one year from the date of approval of these financial statements.

The Council members of the charity have concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the charity to continue as a going concern. In making this assessment the trustees have considered the impact of longer-term impacts of world events. In response, the charity has taken steps to ensure that there are sufficient levels of cash available as outlined in the trustees' report. Members of the Council are of the opinion that the charity will have sufficient resources to meet its liabilities as they fall due.

Assessment of going concern (continued)
The net current liabilities position is due to advanced payments received for 2023/24 annual accreditation fees and Inspections planned to take place in the next financial year.

The most significant areas of judgement that affect items in the financial statements are detailed above. With regard to the next accounting period, the year ending 31 August 2024, the most significant areas that affect the carrying value of the assets held by the charity are the level of investment return and the performance of the investment markets (see the investment policy of the Report of the Council for more information).

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

Income comprises fees from inspections and accreditations, consultancy contracts, investment income and grants.

Accreditation and inspection fees are recognised when they have been earned. For inspection fees, entitlement is measured with reference to the date that the inspection takes place.

Income of a contractual nature is recognised to the extent that it is probable that the economic benefits will flow to the charitable company and the revenue can be reliably measured. It is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value-added tax and other sales taxes.

Dividends are recognised once the dividend has been declared and notification has been received of the dividend due. Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charitable company; this is normally upon notification of the interest paid or payable by the bank.

Donations and grants are recognised on a receivable basis (where there are no performance-related conditions) where the receipt is probable, and the amount can be reliably measured.

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

Expenditure is classified under headings that aggregate all costs related to the category. Where costs cannot be directly attributed to particular headings, they have been allocated to activities on a basis consistent with the use of resources.

Governance costs, comprising the costs involved in the public accountability of the charity (including audit costs) and costs in respect to its compliance with regulation and good practice, are allocated to the cost of charitable activities.

Principal accounting policies Year to 31 August 2023

Intangible fixed assets
Intangible assets comprise of purchased computer software licences and any costs directly attributable to bringing the licences into use, such as configuration or implementation costs.

The costs of acquiring the software licences are capitalised where all the criteria in FRS 102 are met. Intangible assets are capitalised where expenditure of £3,000 or more is incurred.

Intangible assets are included initially at cost, Intangible assets are amortised on a straight-line basis over the life of the licence, currently standing at 20% per year, or the period over which the British Accreditation Council anticipates using the asset over its useful life. Amortisation charges are included in expenditure on charitable activities, as either direct costs or support costs, according to the activity that the underlying asset is used to deliver.

Tangible fixed assets
Items are capitalised where the purchase price exceeds £250. Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Computer equipment and office furniture	33% on cost
Fixtures and fittings	Straight line basis over the lease term (44 months).

Fixed asset investments
Fixed asset investments consist of listed investments.

Listed 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.

The main form of financial risk faced by the charity is that of fluctuations in equity and investment markets due to wider economic conditions, the attitude of investors to investment risk, and changes in sentiment concerning equities within particular sectors or sub sectors.

Realised gains (or losses) on investment assets are calculated as the difference between disposal proceeds and their opening carrying value, or their purchase value if acquired subsequent to the first day of the financial year. Unrealised gains and losses are calculated as the difference between the fair value at the year end and their carrying value at that date. Realised and unrealised investment gains (or losses) are combined in the statement of financial activities and are credited (or debited) in the year in which they arise.

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

Principal accounting policies Year to 31 August 2023

Cash at bank and in hand

Cash at bank and in hand represents such accounts and instruments that are available on demand or have a maturity of less than three months from the date of acquisition. Deposits for more than three months but less than one year have been disclosed as short-term deposits.

Creditors and provisions

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

Taxation

The British Accreditation Council is a registered charity and therefore is not liable to income tax or corporation tax on income derived from its charitable activities, as it falls within various exemptions available to registered charities.

Fund accounting

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the Council members. Designated funds which are set aside at the discretion of the Trustees for a specific purpose, or where funds are effectively constrained by their application in operational fixed assets.

The fixed asset fund represents the net book value of the fixtures, fittings, office furniture, computer equipment of the charity and intangible assets referring to software licenses. Such assets are vital to the charity being able to carry out its work and the value invested in the assets cannot, therefore, be realised in order to meet future expenditure or liabilities. To emphasise this point, the net book value of the assets is represented by a specific fixed asset fund on the balance sheet.

The trustees have designated funds of 75,000 in the previous year for the purpose and any application of designated funds are set out in note 14 to the accounts.

Pension costs and other post-retirement benefits

The charity operates a defined contribution pension scheme. Contributions payable to the charity's pension scheme are charged to the statement of financial activities in the period to which they relate.

Notes to the financial activities Year to 31 August 2023

1 Income from charitable activities – Accreditation and inspection fees

	2023 £	2022 £
Accreditation Fees UK	**393,989**	330,548
Inspection Fees UK	**280,397**	253,231
Application Fees	**11,550**	8,600
Other Fees	**28,113**	28,000
	714,049	620,379

2 Investment income

	2023 £	2022 £
Interest receivable	**1,295**	68
Dividends from investment portfolio	**20,365**	—

3 Expenditure on:

		Support costs				
	Direct costs £	Running costs £	Finance £	Staff costs £	**2023 Total £**	2022 Total £
Raising funds						
. Investment manager fees	7,536	—	—	—	**7,536**	3,380
Accreditation and inspection:						
. Accreditation and inspection delivery	185,843	138,634	669	405,402	**730,548**	683,236
. Bad debts	—	—	—	—	—	2,180
. Governance (note 4)	—	25,487	—	—	**25,487**	16,350
	193,379	164,121	669	405,402	**763,571**	705,146

		Support costs				
	Direct costs £	Running costs £	Finance £	Staff costs £	**2022 Total £**	2021 Total £
Raising funds						
. Investment manager fees	*3,380*	—	—	—	*3,380*	2.007
Accreditation and inspection:						
. Accreditation and inspection delivery	*152,578*	*140,858*	*968*	*388,832*	*683,236*	599.907
. Bad debts	*2,180*	—	—	—	*2,180*	1.291
. Governance (note 4)	—	*16,350*	—	—	*16,350*	36.732
	158,138	*157,208*	*968*	*388,832*	*705,146*	639.937

4 Governance costs

	2023 £	2022 £
Legal and professional fees	**4,161**	3,587
Council Expenses	**2,573**	1,058
Accountancy fees	**2,013**	2,013
Auditor's remuneration	**16,740**	9,690
	25,487	16,350

5 Net expenditure

	2023 £	2022 £
Net expenditure is stated after charging:		
Auditor's remuneration – statutory audit		
. Current year	**13,140**	9,690
. Prior Year	**3,600**	—
Amortisation	**3,846**	320
Depreciation	**8,559**	8,139

6 Transactions with Council members' and key management personnel

The Council members consider that they, together with the Chief Executive and the Chief Inspector, comprise the key management personnel of the charity in the period under review. The total remuneration of the key management personnel for the year (including taxable benefits and employer's pension and national insurance contributions) was £115,736 (2022 – £112,761).

The 11 Council members received no remuneration or other benefits for the year ended 31 August 2023 (2022 – £nil).

Expenses were reimbursed to the 4 Council members for out-of-pocket expenses of £734 (2022 – £467).

7 Staff costs

	2023 **£**	2022 £
Wages and salaries	**333,954**	324,277
Social security costs	**31,429**	29,796
Pension costs	**31,200**	29,121
Agency & Freelance staff	**8,819**	5,638
	405,402	388,832

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

	Average headcount	
	2023 **No.**	2022 No.
Administration/ management	**5**	5
Inspection	**2**	2
Accreditation	**2**	2
	9	9

The number of employees who earned £60,000 per annum or more (including taxable benefits but excluding employer pension contributions) during the year was as follows:

	2023 **No.**	2022 No.
£70,001 - £80,000	—	1

The staff member in the previous year in the £70,001 to £80,000 bracket, has reduced their contracted hours in the current year and total remuneration was below £60,000.

8 Intangible fixed assets

	Software Licenses £	**Total** **£**
Cost		
At 1 September 2022	19,228	**19,228**
Additions	—	—
At 31 August 2023	19,228	**19,228**
Amortisation		
At 1 September 2022	320	**320**
Charge for the year	3,845	**3,845**
At 31 August 2023	4,165	**4,165**
Net book value		
At 31 August 2023	15,063	**15,063**
At 31 August 2022	18,908	**18,908**

9 Tangible fixed assets

	Computer equipment and office furniture £	Fixtures and fittings £	**Total £**
Cost			
At 1 September 2022	76,599	16,209	**92,808**
Additions	1,235	—	**1,235**
Disposals	(18,515)	—	**(18,515)**
At 31 August 2023	59,320	16,209	**75,528**
Depreciation			
At 1 September 2022	70,504	5,894	**76,398**
Charge for the year	4,138	4,421	**8,559**
Eliminated on Disposal	(18,515)	—	**(18,515)**
At 31 August 2023	56,127	10,315	**66,442**
Net book value			
At 31 August 2023	3,192	5,894	**9,086**
At 31 August 2022	6,095	10,315	**16,410**

10 Fixed assets investments

	2023 £	2022 £
Market value		
At 1 September 2022	**1,111,900**	1,139,498
Additions at cost	**473,300**	1,037,305
Disposal at opening market value (proceeds £424,556; loss £40,886)	**(465,442)**	(1,093,206)
Net unrealised (loss) gain	**(25,427)**	28,303
At 31 August 2023	**1,094,331**	1,111,900
Cash held within listed investments	**15,565**	51,480
	1,109,896	1,163,380
Cost		
At 31 August 2023	**1,106,858**	1,135,593
At 31 August 2022	**1,135,593**	984,192

	Total 2023 £
Unrealised gains included above on listed investments (see below)	
Reconciliation of movements in unrealised gains on investments	
Unrealised gains at 1 September 2022	**27,787**
Unrealised gains brought forward and losses realised in the year	**(31,095)**
Net unrealised losses in the year	**(25,427)**
Unrealised gains at 31 August 2023	**(28,735)**

10 ***Fixed assets investments*** *(continued)*

The following holdings comprised a material holding when compared to the value of the total listed investment portfolio at 31 August 2023:

	Market Value £	%
Aberdeen Offshore Sterling Fixed Int Fund Z	**66,501**	15
Aberdeen Standard Liquidity Fd Lux Sterling L1 GBP Dis	**89,905**	8.1
United Kingdom(Government Of) 3.5% Bds 22/10/2025 GBP1000	**72,485**	6.5
Aberdeen Offshore Global Fixed Int Fund Z Inc	**59,458**	5.4

Listed investments at 31 August 2023 comprised the following:

	2023 £	2022 £
Alternative Strategies	**80,770**	323,339
Overseas Equities	**453,749**	396,607
U.K Equities	**148,599**	147,746
U.K Fixed Interest	**411,213**	244,208
	1,094,331	1,111,900
Capital Cash Account	**15,565**	51,480
	1,109,896	1,163,380

11 Debtors: amounts falling due after one year

	2023 No.	2022 No.
Other Debtors	**11,942**	11,942
	11,942	11,942

Other debtors consist of a repayable deposit paid to secure the leasehold contract for the new head office premises.

12 Debtors: amounts falling due within one year

	2023 £	2022 £
Charitable activity debtors	**10,628**	19,207
Prepayments and accrued income	**14,966**	14,766
	25,594	33,973

Notes to the financial activities Year to 31 August 2023

13 (a) Creditors: amounts falling due within one year

	2023 £	2022 £
Charitable activity creditors	**8,659**	26,424
Social security and other taxes	**9,159**	9,031
Accruals	**22,107**	32,063
Deferred income	**266,794**	297,044
Other creditors	**2,843**	1,661
	309,562	366,223

Deferred income relates to inspection fees received in advance of inspections taking place and accreditation fees paid in advance for the next academic year, Movements on deferred income are shown below:

	2023 £
Deferred income at 1 September 2022	**297,044**
Resources released in the year	**(297,044)**
Resources deferred in the year	**266,794**
Deferred income at 31 August 2023	**266,794**

13 (b) Creditors: amounts falling due after one year

	2023 £	2022 £
Provisions	**21,585**	15,552
	21,585	15,552

The trustees have acknowledged their responsibility to uphold and enhance professional standards in the field of Higher and Further Education at an international level. To fulfil this constructive obligation to its stakeholders, BAC has decided to remain a member of ENQA, an organization that conducts a review of its members every five years at a cost of approximately £36,000. The cost of the review is provisioned for equally over the preceding 5 years.

14 Designated funds

	Sep-22	New designations	Utilised / Released	Sep-23
	£	£	£	£
Internal Capabilities	55,771	—	(29,252)	26,519
	55,771	**—**	**29,252**	**26,519**

The board have set aside funds for various projects internal development and marketing activities, with the aim of improving the efficiency of operations and furthering the charity's increase the profile with a larger number of organisations.

The funds are expected to be utilised within a time frame of 1 years from the reporting date.

15 Fixed asset fund

	Total £
At 1 September 2022	**35,318**
Net movements in year	**(11,169)**
At 31 August 2023	**24,149**

The fixed assets fund represents the net book value of the charity's fixed assets. The fund recognises the fact that the assets are required for the day-to-day operation of the charity and are not available for other purposes or as a general reserve.

16 Related party transactions

Dr Esther Huertas is on the council of trustees for BAC and European Network for Quality Assurance in Higher Education (ENQA). The BAC are a registered member association of ENQA and make annual payments for membership and recognise a constructive obligation to undergo a membership review every 5 years. Total expenditure related to ENQA in the year was £10,559, which accounts for £4,527 annual membership fee's due in the year and a provision of £6,032 has been recognised (2022: £19,644 expenditure and a provision of £6,242). There are no other outstanding balances at the end of the year.

Dr Anthony Manning is on the council of trustees for BAC and representative speaker for the UK Council for International Student Affairs (UKCISA). The BAC are a registered member association of UKCISA and make annual payments for membership. Membership fee due in the year was £545 (2022: £518)

Council of Validating Universities has a secretariat agreement with the BAC, as a result of this relationship Dr Janet Bohrer has been appointed as secretary of CVU, the reason for this is so she may carry out the obligations agreed between CVU and BAC, only when instructed by the council members of CVU. The total income received by the BAC is £28,000 (2022: £28,000), There are no outstanding debts due at the end of the year.

Other than as set out above and in note 6, there were no other transactions between the charity and any of its related parties.

17 Ultimate controlling party

The charity is under the ultimate control of the Council members.

18 Financial commitments

At 31 August 2023 the charity had total commitments under non-cancellable operating leases as follows:

	2023 Land and buildings £	2022 Land and buildings £
Operating lease payable		
Within one year	**42,373**	42,373
Between 2 to 5 years	**13,467**	55,840

B0402 2023 accounts final

Final Audit Report 2024-03-08

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British Accreditation Council for Independent Further and Higher Education

Annual Report and Financial Statements

31 August 2023

Company Registration Number
01828990 (England and Wales)

Charity Registration Number
326652

Reference and administrative details

Members of the Council	Prof Phil Cardew (Chair) Appointed on 1 September 2022 Prof David Law (Deputy Chair) Dr Stephen Jackson (Honorary Treasurer) Marc Griffith Dr Esther Huertas Hidalgo Dr Anthony Manning Kevin Everett Prof. Mary Bishop Dr. Victoria Stec Md. Mahbubal Alam (Student member) Dr. Nicola Mellor
Company Secretary	Dr Janet Bohrer
Registered office	First Floor Wax Chandlers Hall 6 Gresham Street London EC2V 7AD
Company registration number	01828990 (England and Wales)
Charity registration number	326652
Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL
Solicitor	Bates Wells and Braithwaite London LLP 10 Queen Street Place London EC4R 1BE
Banker	CAF Bank 25 Kings Hill Avenue West Malling Kent ME19 4JQ
Investment manager	Aberdeen Standard Capital 1 George Street Edinburgh EH2 2LL
Key Management Personnel	Dr Janet Bohrer (Chief Executive) Diana Morriss (Chief Inspector) Lucy Fox (Deputy Chief Executive) Appointed on 1 September 2023

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Report of the Council Year to 31 August 2023

The members of the Council present their annual report together with the audited financial statements of the British Accreditation Council for Independent Further and Higher Education ('British Accreditation Council' or 'BAC') for the year ended 31 August 2023.

The financial statements have been prepared in accordance with the accounting policies set out on page 244 to 27 therein and comply with the charitable company's Memorandum and Articles of Association, applicable laws and the requirements of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102).

This report has been prepared in accordance with Part 8 of the Charities Act 2011 and constitutes a directors' report for the purposes of company legislation.

Structure, governance and management

The British Accreditation Council was incorporated on 29 June 1984 (Company No 1828990) and registered as a UK charity on 28 August 1984 (Charity No 326652). It is limited by guarantee without share capital. The liability of the members is limited to £10 each and accumulated funds are not distributable to the members.

The governing instrument under which the Company operates is its Memorandum and Articles of Association. Amended Articles of Association were approved by the charity on 19 October 2017 and 2 April 2018 by special resolution. The Articles of Association were reviewed in April 2021 and were considered fit-for-purpose.

The directors are treated as trustees for Charities Act purposes.

Members of the Council

The members of the Council are the Board of Trustees. The trustees who served during the year, and up to the date of approval of this report, are shown in the reference and administrative details at the front of this report.

The Articles of Association provide for a maximum of twelve directors. The trustees may appoint any director as a member of the Board of Trustees. The chair and deputy chair are appointed by the Board.

Induction and training of Council members

At the recruitment stage potential Council members are given extensive information about the organisation and are fully informed of the purpose and charitable objectives of BAC. Potential trustees are then invited to meet with the Standing Committee to discuss the challenges facing the organisation and their potential contribution to the charity. Following appointment and ratification by Council, induction meetings are organised for new members of Council and Accreditation Committee as appropriate.

Structure, governance and management (continued)

Statement of Council's responsibilities

The Council members (who are also trustees and directors of the British Accreditation Council for Independent Further and Higher Education for the purposes of company law) are responsible for preparing the annual 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 Council members to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the income and expenditure of the charitable company for that period.

In preparing these financial statements, the Council members are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable to the United Kingdom and Republic of Ireland (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

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

Each of the Council members confirms that:

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

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

Structure, governance and management (continued)

Statement of Council's responsibilities *(continued)*
The Council members 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.

Governance
The governance structure consists of the Council, which is formed of the trustees, and acts as the Board of Directors. The Council meets three times a year.

The Chair of the Council is Prof Phil Cardew, appointed 1 September 2022.

The Council has three sub-committees. The Audit Committee provides financial and regulatory oversight and is chaired by Dr Stephen Jackson (Honorary Treasurer) who is also a member of the Standing Committee.

The Standing Committee meets between Council meetings to provide continuity and support the charity. The Standing Committee has, as members, the Chair of the Council, the Deputy Chair of the Council and the Honorary Treasurer. Duties of Nominations and Governance are discharged by the Standing Committee.

The responsibility for decisions on accreditation is overseen by the Accreditation Committee (AC). The AC is appointed by the Council and consists of members appointed by virtue of their experience and expertise with regard to educational standards. Dr Anthony Manning is the Chair of the Accreditation Committee. The Accreditation Committee receives the reports of completed inspections and takes decisions on the award or withdrawal of accreditation, making its recommendations based on BAC's accreditation policy and procedures. It also regularly reviews the quality assurance criteria used by inspectors in making judgements and recommendations. The Committee had six meetings and three sub-committees this year.

Key management personnel
In the period of review, Council members consider that they, together with the Chief Executive and the Chief Inspector, comprise the key management personnel of the charity. None of the Council members receive any remuneration from the charity in connection with their role as Council members.

As part of the annual review of salaries, all staff including the CEO received a 5% increase in salary which was applicable from 1 September 2022.

Other transactions with members of the Council are disclosed in note 6.

Fundraising statement
The charity does not actively undertake fundraising activities and does not employ the services of Professional Fundraisers. During 2022/23, the charity received no complaints about fundraising activities.

Structure, governance and management (continued)

Objectives and activities

The British Accreditation Council for Independent Further and Higher Education is registered for charitable purposes and its objects are:

- providing a system of accreditation for educational and training institutions in order to promote public confidence in such institutions and their programmes of study; and
- assisting in the improvement and maintenance of the standards of accredited institutions through the offer of advisory and consultancy services principally in the field of further and higher education.

Public benefit

The Council members have taken into regard the Charity Commission's guidance on public benefit and that all the Council's activities are directed to fulfilling its charitable objects of the improvement and maintenance of standards in independent further and higher education and training and that in doing so it is working for the public benefit. Some of these benefits are given below:

- The BAC accreditation mark provides students and potential students with an indication of quality.
- BAC inspections supports the HM Government to protect the reputation of further and higher education and training in the UK by providing independent judgments, made on the basis of inspection by qualified and experienced inspectors, of the quality of provision of private institutions of further and higher education and training.
- The information, marketing and promotional work undertaken ensures that international students, agents and the education sector as a whole are aware of the range of institutions and courses available.
- Training events and seminars assist in the professional development of staff and institutions, thereby improving the quality of provision.
- The advice and support offered to institutions through informal and formal avenues provide them with guidance regarding good and best practice, thus helping to raise standards of provision.
- The complaints procedure provides students with a free and accessible means of resolving disputes with accredited institutions.

Achievement and performance

Accreditation and inspection activity

The table below gives details of the applications received, inspections carried out and awards of accreditation in the period 1 September 2022 to 31 August 2023 and compares these with the figures from the previous year.

	September 2022 to August 2023	**September 2021 to August 2022**
New institutions awarded accreditation – UK	10	13
New institutions awarded accreditation –international	4	3
Total number of accredited institutions **	195	198
Number of international accredited institutions **	36	35
Withdrawals	16	27
Applications received from new institutions	24	21
Inspections conducted	64	69

***** numbers as of 31 August***

BAC's objectives 2022-23: Progress made

During 2022-2023, we planned some operational changes to the staff structure that became effective from 1 September 2023. The Office PA role is now Operations Manager and the Governance and Business Development Manager is Deputy Chief Executive. The Deputy Chief Executive role has line management responsibilities for the Operations Manager and Accreditation Manager positions.

With regard to BAC's objectives for 2022/23, the following progress has been made:

Objectives	**Progress**
BAC will **invest in growth** by expanding products and services to add value to current accredited providers and to attract a wider range of new providers	• With the launch of the new Common Quality Framework in September 2022, and as part of our internal quality assurance procedures, we reviewed all six of our accreditation schemes in 2022-2023. The College and International Centre schemes underwent a full review, and the remaining four schemes had a light touch internal review and were updated as necessary. We published the updated schemes on our website on 1 September 2023. • As part of the review, providers applying under the International Centre scheme can now apply for candidacy accreditation status and international providers are now eligible to apply under the College scheme. • To support our growth activities, we have drawn down funds from our investment income to create 'The Development Fund', which is being regularly monitored by the Audit Committee, and has already been used or allocated for several projects. • The Micro-credentials (MC) Scheme pilot continues, and we have conducted two inspections so far. The inspection reports will both be submitted to the Accreditation Committee in January 2024 for their decision on

	accreditation. We are currently reviewing the scheme and the process to decide the next steps for this scheme. • One of our inspectors agreed to lead on the development of a Liaison Scheme pilot. The aim of this project is to add value for BAC providers and could provide a small expansion of income generating activities. Work had started on this and an initial workshop took place with inspectors in December 2022 but the project is currently on pause due to prioritising other commitments. • Considering our plans for growth, we started a review of our accreditation processes. We aim to enhance capacity and streamline processes while maintaining the integrity of our standards. The review is ongoing, and we have updated the re-accreditation application process.
BAC will continue to promote and be active in the quality assurance **Community**	• Prof. Phil Cardew, the Chair of Council, attended the ENQA General Assembly in October 2022, in Sweden. We submitted a nomination for Prof. Cardew to join the ENQA board. Although we were not successful on this occasion, we have shown our interest in being more active in the wider quality assurance arena. • Hayley Boyes, Higher Education Manager, attended the ENQA General Assembly in October 2023, in Dublin. Delegates from 42 different countries including all EHEA countries that have an ENQA agency were at the event. • Our BAC Annual Stakeholder Event took place in March 2023. This year, the themes of the event were internationalisation, qualifications and recognition with keynote speakers giving an overview of the topic followed by case studies from accredited providers. Held online, over 50 attendees were present across eight different countries including Switzerland, Ghana and South Africa to listen to BAC's update and hear from our speakers. • The dissemination event for the ENQA working group on external quality assurance of micro-credentials took place online 27 September 2022. It was a great success with over 200 attendees. It was clear how much work had taken place over the previous 18 months. Professor Anca Greere chaired the group on BAC's behalf and we were very pleased to have the opportunity to present a case study our upcoming Pilot Micro-credentials (MC) Scheme. • The BAC webinar series continued with good attendance from providers. • In November 2023, Professor Anca Greere (BAC Senior Consultant) and Lucy Fox (Deputy CEO) attended the European Quality Assurance Forum (EQAF) 2023 in Aveiro, Portugal. They delivered a workshop titled, 'Designing micro-credentials to respond to European quality assurance expectations: What might be successful parameters?' The workshop was one of only 9 chosen out of 21 proposals and it reached maximum attendance capacity on the day. It was very successful with lively discussion and helpful feedback as part of the review of the BAC MC scheme pilot.

BAC will continue to **Grow and Diversify** especially Global and European activities	• We are committed to taking a strategic approach to the growth of BAC and we have prioritised plans and activities that will attract a wider range of new providers. We are looking at a three-tiered growth plan of short-, medium- and long-term goals but with two main objectives: -To increase the number of accredited providers -To explore other sources of income We have identified that currently the most promising prospects for growth in the short term lie internationally and as a result, we are focused strongly on our international strategy. • We agreed a six-month contract with Cormack Consultancy Group (CCG) which started in February 2023. Their remit was to identify specific opportunities with providers that meet our accreditation eligibility requirements. We have had several initial meetings and received one application through this route. We are also exploring projects outside of accreditation, including how we might support universities in Ukraine. • We created a one-page document about BAC so that trustees, and other BAC representatives, have material to take to meetings to use if appropriate on their travels for their own organisations or other business engagements.
BAC will actively engage in the development of its **Ethical responsibilities**	• The Privacy Policy and the Health and Safety Policy were updated in September 2022. • All staff have completed the following package of mandatory training via e-learning: -Personal Data Protection – 50 minutes – CPD certified -Keeping Information Secure (Global) – 45 minutes - CPD certified -Respect in the workplace – 40 minutes – CPD certified
BAC will continue to develop good practice in its use of **integrated use of the data and information** collected from BAC inspections and other work	• Implementation of the CRM is ongoing. Workflows have been put on the system and the accreditation team are using it alongside existing systems and problem solving as they go. We are working with the Project Manager to move on to the next phase. • As part of our Annual Survey for calculating annual accreditation fees, this year we requested that all providers submit data about the number of students enrolled in order to give a better picture of our providers overall. It will not affect how fees are calculated but we will collect, analyse and report on the information as appropriate.

Risk management

The Council members have a duty to identify and review the risks to which the charity is exposed and to ensure appropriate controls are in place to provide reasonable assurance against fraud and error. The Council members delegate ongoing oversight to the Audit Committee for annual review to Council or reporting by exception. The Audit committee meet regularly where risk mitigation activities and emerging risks are reviewed. The Audit Committee has a standing agenda item for every meeting to review a dashboard of risks and a paper focusing on a specific area, as appropriate.

The members of Council are satisfied with the measures employed to assess and address identified risks.

Identified Risk	**Mitigating Actions**
Reputational damage arising out of inappropriate activity or behaviour	BAC has embedded integrity and transparency across all activities. All BAC representatives are DBS checked when working with under 18's. BAC has produced clear inspection guidelines and conducts monitoring inspections to ensure they are adhered to. The Bribery and Anti-Corruption policy is strictly enforced and monitored. There are plans to provide workshops for trustees and staff on governance topics. BAC has the necessary legal insurance requirements and professional indemnity cover to provide financial support in the event BAC is accused of acting inappropriately.
Loss of key staff	We have Standard Operating Procedures (SOPs) for common processes so that other members of staff can take over when a staff member leaves BAC. We have introduced periodic benchmarking of salaries for job roles to ensure pay and other fiscal rewards are competitive. We periodically review the contract template and the Employee Handbook so we can be confident in our policies and procedures when recruiting to replace a member of staff. We have adopted a flexible working policy. Staff wellbeing is of high importance. We have a trained St John's Ambulance First Aider and a Mental Health First Aider on the staff team. The sickness policy is robust.
Change in government student visa regime	BAC has developed a range of value-added products including webinars and the Marketing Pack to attract and retain providers and reducing susceptibility to withdraw in the extreme event of BAC being removed from the list of UK government approved accrediting bodies. BAC has significantly increased due diligence in accepting new and reaccreditation applications and developed and implemented a more rigorous inspection process in order to build and maintain confidence in the inspection and accreditation process.

	We are diversifying income streams to reduce reliance on the UK market and limit the impact of an unexpected change in government policy. We have a direct contact at the Home Office.
Competition increases in the quality assurance arena	BAC conducts regular reviews of BAC processes to ensure they meet the needs of external stakeholders. BAC continues to develop products and processes to ensure they remain world leading in terms of quality assurance. We are working to improve the BAC profile in all markets in which we operate. We have built and continue to build and develop links with stakeholders through webinars, news updates and the Provider Journey. We maintain strict cost controls to allow competitive prices to be offered to existing and new providers. We are increasing investment in developing and promoting BAC across all markets.
Financial loss arising out of financial impropriety	BAC maintains a large financial reserve equivalent to 18 months of operating costs. BAC has extensive and transparent financial controls and by choice undergoes an external audit each year despite being below the audit threshold. BAC has independent auditors who have a reputation for independence and rigour. There is a division of responsibility between staff who deal with banking protocols and finances. BAC's external auditor makes recommendations on internal control that arise out of the external audit and with reference to sector best practice. Funds drawn down for the Development Fund are managed separately. The use/spending of the Development Fund is overseen by the Audit Committee. The new investment portfolio has increased visibility in terms of where funds are invested as well as ethical screens and changes to investments can be made quickly through the investment manager.
Loss of ENQA Membership	A designated member of staff has key responsibilities relating to ENQA oversight and reports directly to the Standing Committee on ENQA compliance. We give relevant members of staff the necessary time and resources to attend ENQA events and to keep up to date with ENQA membership requirements. The whole staff team is made aware of any specific activity relating to ENQA compliance and they take collective responsibility for providing information and evidence as and when necessary. We review BAC procedures to make sure they are ENQA compliant on a regular basis. We have had a positive response to our interim progress report, no major causes for concern raised.

Loss of EQAR Listing	A designated member of staff has key responsibilities relating to EQAR oversight and reports directly to the Standing Committee on EQAR compliance. We give relevant members of staff the necessary time and resources to attend EQAR events and to keep up to date with EQAR listing requirements. The whole staff team is made aware of any specific activity relating to EQAR compliance and they take collective responsibility for providing information and evidence as and when necessary.
Catastrophic infrastructure failure or cyber attack	All data is now backed up offsite. Key IT infrastructure is now in the Cloud with greater security and multiple backup processes. Financial information is now held in the Cloud via Xero and is considered to be as secure as is feasibly possible for an organisation of BAC's size. In the event of damage to or no access to premises, BAC telephone services have been rerouted to temporary accommodation. The policy is for staff not to leave their laptops in the office overnight so they can work remotely at short notice. We have implemented Multi Factor Authentication for our devices and Microsoft 365 with our IT support provider.
Significant and prolonged downturn in stock markets negatively impacting BAC investments and reducing capital to invest	We take expert advice on management of BAC investments. We have moved the portfolio to direct investments with more transparency and with better annual performance overall compared to the previous portfolio. We have the flexibility to make changes almost immediately. Investment performance is monitored by the Audit Committee.
International Recession	We maintain awareness of leading economic indicators. We maintain close links with the sector to monitor sector feedback. We continue to provide added value activities thereby increasing the value of BAC accreditation. We continue to communicate the value of accreditation to BAC providers, educators, students and governments.
Global economic crisis	Robust banking arrangements and appropriate insurance are in place. We can adapt financial arrangements to support providers such as dormancy criteria, payment plans and postponement of inspections on a case-by-case basis.

Regulatory Framework in the UK changes	We maintain awareness of the political debate. We identify possible outcomes of different scenarios. We review the impact of possible scenarios on a regular basis to monitor the impact on BAC accredited institutions or on the impact on BAC's right to conduct accreditation activities.
National or global pandemic	We continue to develop our digitised processes to ensure remote working online can be applied to all BAC operations. We have introduced flexible working arrangements for staff and can implement full-time home working at short notice. The office arrangements and equipment are suitable for socially distanced working. Key staff undertake relevant Health and Safety training as necessary. We continue to receive Health and Safety and HR support services and advice from Worknest; We have communicated to staff what support there is for wellbeing, there is an updated Employee Handbook, an Employee Assistance Programme that offers counselling and a 24hr support line and we have a trained Mental Health First Aider on the team. We can adapt financial arrangements to support providers such as dormancy criteria, payment plans and postponement of inspections on a case-by-case basis.
War in Ukraine	We do not currently work with any providers who are based in Ukraine. We maintain awareness of ENQA messaging and the industry impact and response to the war.
Post-Brexit UK visa/border rules change	We will ensure we provide invitation letters to international visitors coming to the UK for BAC activities or events.

Future plans

The Strategic Plan 2021-2026 is a five-year plan and detailed objectives and activities are monitored through an internal three-year action plan.

BAC objectives for 2023-25 are as follows:

Objectives	Proposed actions
BAC will **invest in growth** by expanding products and services to add value to current accredited providers	• We will complete a review of the MC scheme and if successful will be added to our existing suite of schemes and marketed as necessary. • We will update the website and develop a plan for long term improvements.

and to attract a wider range of new providers	• We will develop further support for providers e.g., potential training module.
BAC will continue to promote and be active in the quality assurance **Community**	• We will continue our schedule of webinars. • The Annual Stakeholder Event will take place on 11 April 2024 and we will celebrate BAC's 40th anniversary. • We will undergo our third full review by The European Association for Quality Assurance in Higher Education (ENQA). • We will look for further opportunities to attend conferences and/or contribute papers.
BAC will continue to **Grow and Diversify** especially Global and European activities	• We will continue to build on successful international inspections, developing regional activities and potential working with ministries through free and paid projects. • We will continue to develop a portfolio of activities to actively promote BAC.
BAC will actively engage in the development of its **Ethical responsibilities**	• The review of our working practices will continue including updating our Data Protection policies and procedures and business continuity and cyber security plans. • We will calculate our carbon footprint and take steps towards zero carbon emissions. • We will look to implement ways in which we can lead in the promotion of environmental responsibility and being open about our sustainable development goals. • We will continue to review value for money from our suppliers whilst also recognising London Living Wage hourly rates.
BAC will continue to develop good practice in its use of **integrated use of the data and information** collected from BAC inspections and other work	• The implementation of the CRM will be complete, and we will monitor its use and look for further ways it can improve our operations. • We will focus on the report process for inspections and look to process them through using Sharepoint and all information uploaded to an online portal. • We will produce thematic reports and use them to influence the direction for development of inspection methodologies as well as themes for enhancement workshops. • We will conduct governance reviews as endorsed by Charities Good Practice and as preparation for increased work with a potential growth of activities.

Financial review

A summary of the year's results can be found on page 211 of the financial statements. The deficit for the year before gains on investments was £48,227 (2022 – £84,699).

The total income for the year is £735,709, an increase of around £115,262 over the previous year (2022 - £620,447). This is a positive sign and suggests the charity is on track to returning to pre covid 19 performance.

During the period under review, expenditure has increased approximately by £58,000 which was expected. £16,000 is the result of increased inspection activity, £29,000 was spent to improve on the internal capabilities of the charity and the remaining £13,000 is related to increase in general running costs.

The net deficit for the year was £94,175 after loss on investments of £66,313. The loss in value is a result of the market's response to a number of factors and world events (2022 – deficit for the year was £118,992 after loss on investments of £34,293).

The forecasted year-end deficit prompted the board to take proactive measures to address the situation. To that end, the board has allocated £75,000 in general unrestricted funds with the aim of investing in the organisation's capabilities. This includes implementing new operational processes such as CRM software, which is expected to drive cost-saving efficiencies for the charity. Additionally, the funds will be used to support growth efforts and explore new opportunities to enhance the organisation's visibility and attract new providers to apply for accreditation.

Income

Accreditation fees

The income generated from accreditation fees has seen an improvement of approximately 19%, with a total of £393,989 in 2023, as compared to £330,548 in 2022. This is a result of a 5% increase in accreditation fees set in place in the previous year, we have also seen fewer organisations in dormancy and an encouraging sign of increased number of new providers who have been approved for accreditation in the year.

Inspection Fees

Inspection fee income has increased in the year by 11% to £280,397 (2022 – 24%, £253,231), mostly related to inspections that have been delayed due to Covid-19 have now taken place as well as the new providers who have joined the accreditation schemes this year and inspections that have taken place as a part of that process.

Other Income

The performance of our fixed asset investment portfolio has been below expectations, resulting in a net loss of £66,313 during the period under review. This is attributed to the impact of central banks around the world increasing rates in response to inflation and other global events on financial markets. The Audit Committee remains vigilant in its oversight of investment performance, given the ongoing instability in financial markets.

Expenditure

Charitable Activities

Direct expenditure includes the cost of conducting inspections of accredited organisations, offering workshops to providers on a range of issues and the improvement of internal capabilities. Expenditure is directly correlated with projects undertaken to increase scope of the charity's work and the inspection activity, which is influenced by the numbers and scope of inspections taken place in the year, direct expenditure has increased by circa 16% as predicted in the previous year, 2023 – £185,843 (2022 – £152,578).

Staff Costs and Running Costs

The total costs associated with staffing have increased in 2023 £405,402 (2022 – £388,832).

Running costs and other support costs have increased by 6% for the year, 2023 - £164,121 (2022 – £157,208). This increase in expenditure was expected as result of inflation.

Investment policy

The value of BAC's investments holding is a mixture of equities, fixed income and cash held for investment purposes. The market value at the reporting date stands at £1,109,896 in 2023 (2022 – £1,163,380). BAC's investments were held in a managed investment portfolio by Aberdeen Standard Capital (Charities Aid Foundation Managed Portfolio Service – Progressive Capital Growth Account).

The investment policy aims to generate capital growth over the medium to long term, without exposing BAC to the risks and volatility associated with a wholly equity focused portfolio. The Council members are satisfied with the performance of the investment portfolio during the year.

The charity also has cash at bank and in hand of £188,297 (2021 – £260,068). The liquidity risk is managed by maintaining a balance between the continuity of funding and flexibility of access to funds.

Reserves policy

The members of council consider that free reserves of the charity should represent at least six months' expenditure, equating to approximately £450,000, to ensure that the organisation can cope with all financial commitments without recourse to borrowing.

The free reserves on 31 August 2023 were £978,063 (2022 – £1,031,817) which exceeds the target level of reserves stated in the reserves policy. However, the Council members consider it appropriate to hold reserves in excess of the target, in consideration of the strategic objectives to be achieved and forecasted financial position over the short, medium, and long term along with the consequences of current world events, and the reserves policy reflects only the minimum level of free reserves required.

The Council will proactively assess the need for measures to mitigate the potential loss of funding resulting from providers unable to continue operations in the coming year. While it is possible that the effects of this may have a secondary impact on BAC, the Council will remain vigilant in monitoring the situation and have not deemed it necessary to utilise any more reserves than already approved in the current year.

Going Concern

The Trustees are required to confirm that it is appropriate for the BAC to adopt the going concern principle in preparing its accounts. Based on the viability review and taking into consideration the BAC closing reserves and strong cash position, the Trustees of the British Accreditation Council have reasonable expectation that the charity will continue to operate for the 12 months from the signature of this report.

As such the Trustees of the BAC continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Approved by the Council on 1 February 2024 and signed on its behalf by:

[ ]

Stephen Jackson (Mar 8, 2024 10:21 GMT)

Independent auditor's report to the members of British Accreditation Council

Opinion

We have audited the financial statements of British Accreditation Council (the 'charitable company') for the year ended 31 August 2023 which comprise the statement of financial activities, the balance sheet, the statement of cash flows, the principal accounting policies and notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2023 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusion relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Annual Report and Financial Statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the trustees' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the trustees' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the trustees' report and from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

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

- the Senior Statutory Auditor ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations; and

- we obtained an understanding of the legal and regulatory frameworks that are applicable to the charitable company and determined that the most significant frameworks which are directly relevant to specific assertions in the financial statements are those that relate to the reporting framework (Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), Companies Act, and the Charities Act) as well as data protection regulations.

Auditor's responsibilities for the audit of the financial statements (continued)
We assessed the susceptibility of the charity's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

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

- performed analytical procedures to identify any unusual or unexpected relationships.
- carried out substantive testing of expenditure including the authorisation thereof.
- reviewed journal entries to identify unusual transactions and substantiated these where appropriate; and
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias.

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

- review of the minutes of meetings of those charged with governance; and
- enquiring of management as to actual and potential litigation and claims.

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

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

A further description of our responsibilities 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 member, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's member those matters we are required to state to it 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 member, for our audit work, for this report, or for the opinions we have formed.

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

Statement of financial activities (including income and expenditure account) Year to 31 August 2023

	Notes	**Total 2023 £**	Total 2022 £
Income from:			
Charitable activities			
. Accreditation and inspection fees	1	**714,049**	620,379
Investments	2	**21,660**	68
Total income		**735,709**	620,447
Expenditure on:			
Raising funds		**7,536**	3,380
Charitable activities			
. Accreditation and inspection		**756,035**	701,766
Total expenditure	3	**763,571**	705,146
Net expenditure before losses on investments		**(27,862)**	(84,699)
Losses on investments	10	**(66,313)**	(34,293)
Net expenditure and net movement in funds		**(94,175)**	(118,992)
Reconciliation of funds			
Total funds brought forward		**1,122,906**	1,241,898
Total funds carried forward		**1,028,731**	1,122,906

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

The charity has no recognised gains or losses other than those shown above.

Balance sheet 31 August 2023

	Notes	2023 £	2023 £	2022 £	2022 £
Fixed assets					
Intangible fixed assets	8	**15,063**		18,908	
Tangible fixed assets	9	**9,086**		16,410	
Debtors	11	**11,942**		11,942	
Investments	10	**1,109,896**		1,163,380	
			1,145,987		1,210,640
Current assets					
Debtors	12	**25,594**		33,973	
Cash at bank and in hand		**188,297**		260,068	
		213,891		294,041	
Creditors: amounts falling due within one year	13(a)	**(309,562)**		(366,223)	
Net current liabilities			**(95,671)**		(72,182)
Creditors: amounts falling due after one year	13(b)		**(21,585)**		(15,552)
Total net assets			**1,028,731**		1,122,906
The funds of the charity					
Unrestricted funds					
. General funds			**978,063**		1,031,817
. Designated funds	14		**26,519**		55,771
. Fixed asset fund	15		**24,149**		35,318
Total funds			**1,028,731**		1,122,906

The financial statements were approved by the Council and were signed on its behalf by:

Stephen Jackson (Mar 8, 2024 10:21 GMT)

Date: [08/03/2024]

Company Registration Number 01828990 (England and Wales)

Statement of cash flows Year to 31 August 2023

	Notes	2023 £	2022 £
Cash flows from operating activities:			
Net cash (used in) provided by operating activities	A	**(79,367)**	20,344
Cash flows from investing activities:			
Purchase of intangible fixed assets		—	(19,228)
Purchase of tangible fixed assets		**(1,235)**	(3,999)
Investment income received		**21,660**	68
Proceeds from sale of investments		**424,556**	1,030,610
Purchase of investments		**(437,385)**	(952,230)
Net cash provided by investing activities		**7,596**	55,221
Change in cash and cash equivalents in the year		**(71,771)**	75,565
Cash and cash equivalents at 1 September 2022	B	**260,068**	184,503
Cash and cash equivalents at 31 August 2023	B	**188,297**	260,068

Notes to the statement of cash flows for the year to 31 August 2023

A Reconciliation of net movement in funds to net cash used in (provided by) operating activities

	2023 £	2022 £
Net movement in funds (as per the statement of financial activities)	**(94,175)**	(118,992)
Adjustments for:		
Amortisation charge	**3,845**	320
Depreciation charge	**8,559**	8,139
Net losses on investments	**66,313**	34,293
Decrease/(increase) in debtors	**8,379**	(24,425)
(Increase)/decrease in creditors	**(50,628)**	121,077
Investment income receivable	**(21,660)**	(68)
Net cash (used in) provided by operating activities	**(79,367)**	20,344

B Analysis of cash and cash equivalents

	2023 £	2022 £
Total cash and cash equivalents: Cash at bank and in hand	**188,297**	260,068

C Analysis of changes in net debt

	At 1 September 2022	Cash flows	**At 31 August 2023**
Cash at bank and in hand	260,068	(71,771)	**188,297**
Total	260,068	(71,771)	**188,297**

Principal accounting policies Year to 31 August 2023

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

Basis of preparation
These financial statements have been prepared for the year to 31 August 2023 and are presented in sterling rounded to the nearest pound.

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

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

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

Critical accounting estimates and areas of judgement
Preparation of the financial statements requires the Council members and management to make significant judgements and estimates.

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

- estimating the useful economic life of tangible fixed assets.
- estimating the useful economic life of intangible fixed assets.

Assessment of going concern
The Council members have assessed whether the use of the going concern assumption is appropriate in preparing these financial statements. The Council members have made this assessment in respect to a period of one year from the date of approval of these financial statements.

The Council members of the charity have concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the charity to continue as a going concern. In making this assessment the trustees have considered the impact of longer-term impacts of world events. In response, the charity has taken steps to ensure that there are sufficient levels of cash available as outlined in the trustees' report. Members of the Council are of the opinion that the charity will have sufficient resources to meet its liabilities as they fall due.

Assessment of going concern (continued)
The net current liabilities position is due to advanced payments received for 2023/24 annual accreditation fees and Inspections planned to take place in the next financial year.

The most significant areas of judgement that affect items in the financial statements are detailed above. With regard to the next accounting period, the year ending 31 August 2024, the most significant areas that affect the carrying value of the assets held by the charity are the level of investment return and the performance of the investment markets (see the investment policy of the Report of the Council for more information).

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

Income comprises fees from inspections and accreditations, consultancy contracts, investment income and grants.

Accreditation and inspection fees are recognised when they have been earned. For inspection fees, entitlement is measured with reference to the date that the inspection takes place.

Income of a contractual nature is recognised to the extent that it is probable that the economic benefits will flow to the charitable company and the revenue can be reliably measured. It is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value-added tax and other sales taxes.

Dividends are recognised once the dividend has been declared and notification has been received of the dividend due. Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charitable company; this is normally upon notification of the interest paid or payable by the bank.

Donations and grants are recognised on a receivable basis (where there are no performance-related conditions) where the receipt is probable, and the amount can be reliably measured.

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

Expenditure is classified under headings that aggregate all costs related to the category. Where costs cannot be directly attributed to particular headings, they have been allocated to activities on a basis consistent with the use of resources.

Governance costs, comprising the costs involved in the public accountability of the charity (including audit costs) and costs in respect to its compliance with regulation and good practice, are allocated to the cost of charitable activities.

Principal accounting policies Year to 31 August 2023

Intangible fixed assets
Intangible assets comprise of purchased computer software licences and any costs directly attributable to bringing the licences into use, such as configuration or implementation costs.

The costs of acquiring the software licences are capitalised where all the criteria in FRS 102 are met. Intangible assets are capitalised where expenditure of £3,000 or more is incurred.

Intangible assets are included initially at cost, Intangible assets are amortised on a straight-line basis over the life of the licence, currently standing at 20% per year, or the period over which the British Accreditation Council anticipates using the asset over its useful life. Amortisation charges are included in expenditure on charitable activities, as either direct costs or support costs, according to the activity that the underlying asset is used to deliver.

Tangible fixed assets
Items are capitalised where the purchase price exceeds £250. Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Computer equipment and office furniture	33% on cost
Fixtures and fittings	Straight line basis over the lease term (44 months).

Fixed asset investments
Fixed asset investments consist of listed investments.

Listed 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.

The main form of financial risk faced by the charity is that of fluctuations in equity and investment markets due to wider economic conditions, the attitude of investors to investment risk, and changes in sentiment concerning equities within particular sectors or sub sectors.

Realised gains (or losses) on investment assets are calculated as the difference between disposal proceeds and their opening carrying value, or their purchase value if acquired subsequent to the first day of the financial year. Unrealised gains and losses are calculated as the difference between the fair value at the year end and their carrying value at that date. Realised and unrealised investment gains (or losses) are combined in the statement of financial activities and are credited (or debited) in the year in which they arise.

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

Principal accounting policies Year to 31 August 2023

Cash at bank and in hand

Cash at bank and in hand represents such accounts and instruments that are available on demand or have a maturity of less than three months from the date of acquisition. Deposits for more than three months but less than one year have been disclosed as short-term deposits.

Creditors and provisions

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

Taxation

The British Accreditation Council is a registered charity and therefore is not liable to income tax or corporation tax on income derived from its charitable activities, as it falls within various exemptions available to registered charities.

Fund accounting

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the Council members. Designated funds which are set aside at the discretion of the Trustees for a specific purpose, or where funds are effectively constrained by their application in operational fixed assets.

The fixed asset fund represents the net book value of the fixtures, fittings, office furniture, computer equipment of the charity and intangible assets referring to software licenses. Such assets are vital to the charity being able to carry out its work and the value invested in the assets cannot, therefore, be realised in order to meet future expenditure or liabilities. To emphasise this point, the net book value of the assets is represented by a specific fixed asset fund on the balance sheet.

The trustees have designated funds of 75,000 in the previous year for the purpose and any application of designated funds are set out in note 14 to the accounts.

Pension costs and other post-retirement benefits

The charity operates a defined contribution pension scheme. Contributions payable to the charity's pension scheme are charged to the statement of financial activities in the period to which they relate.

Notes to the financial activities Year to 31 August 2023

1 Income from charitable activities – Accreditation and inspection fees

	2023 £	2022 £
Accreditation Fees UK	**393,989**	330,548
Inspection Fees UK	**280,397**	253,231
Application Fees	**11,550**	8,600
Other Fees	**28,113**	28,000
	714,049	620,379

2 Investment income

	2023 £	2022 £
Interest receivable	**1,295**	68
Dividends from investment portfolio	**20,365**	—

3 Expenditure on:

		Support costs				
	Direct costs £	Running costs £	Finance £	Staff costs £	**2023 Total £**	2022 Total £
Raising funds						
. Investment manager fees	7,536	—	—	—	**7,536**	3,380
Accreditation and inspection:						
. Accreditation and inspection delivery	185,843	138,634	669	405,402	**730,548**	683,236
. Bad debts	—	—	—	—	—	2,180
. Governance (note 4)	—	25,487	—	—	**25,487**	16,350
	193,379	164,121	669	405,402	**763,571**	705,146

		Support costs				
	Direct costs £	Running costs £	Finance £	Staff costs £	**2022 Total £**	2021 Total £
Raising funds						
. Investment manager fees	*3,380*	—	—	—	*3,380*	2.007
Accreditation and inspection:						
. Accreditation and inspection delivery	*152,578*	*140,858*	*968*	*388,832*	*683,236*	599.907
. Bad debts	*2,180*	—	—	—	*2,180*	1.291
. Governance (note 4)	—	*16,350*	—	—	*16,350*	36.732
	158,138	*157,208*	*968*	*388,832*	*705,146*	639.937

4 Governance costs

	2023 £	2022 £
Legal and professional fees	**4,161**	3,587
Council Expenses	**2,573**	1,058
Accountancy fees	**2,013**	2,013
Auditor's remuneration	**16,740**	9,690
	25,487	16,350

5 Net expenditure

	2023 £	2022 £
Net expenditure is stated after charging:		
Auditor's remuneration – statutory audit		
. Current year	**13,140**	9,690
. Prior Year	**3,600**	—
Amortisation	**3,846**	320
Depreciation	**8,559**	8,139

6 Transactions with Council members' and key management personnel

The Council members consider that they, together with the Chief Executive and the Chief Inspector, comprise the key management personnel of the charity in the period under review. The total remuneration of the key management personnel for the year (including taxable benefits and employer's pension and national insurance contributions) was £115,736 (2022 – £112,761).

The 11 Council members received no remuneration or other benefits for the year ended 31 August 2023 (2022 – £nil).

Expenses were reimbursed to the 4 Council members for out-of-pocket expenses of £734 (2022 – £467).

7 Staff costs

	2023 **£**	2022 £
Wages and salaries	**333,954**	324,277
Social security costs	**31,429**	29,796
Pension costs	**31,200**	29,121
Agency & Freelance staff	**8,819**	5,638
	405,402	388,832

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

	Average headcount	
	2023 **No.**	2022 No.
Administration/ management	**5**	5
Inspection	**2**	2
Accreditation	**2**	2
	9	9

The number of employees who earned £60,000 per annum or more (including taxable benefits but excluding employer pension contributions) during the year was as follows:

	2023 **No.**	2022 No.
£70,001 - £80,000	—	1

The staff member in the previous year in the £70,001 to £80,000 bracket, has reduced their contracted hours in the current year and total remuneration was below £60,000.

8 Intangible fixed assets

	Software Licenses £	**Total** **£**
Cost		
At 1 September 2022	19,228	**19,228**
Additions	—	—
At 31 August 2023	19,228	**19,228**
Amortisation		
At 1 September 2022	320	**320**
Charge for the year	3,845	**3,845**
At 31 August 2023	4,165	**4,165**
Net book value		
At 31 August 2023	15,063	**15,063**
At 31 August 2022	18,908	**18,908**

9 Tangible fixed assets

	Computer equipment and office furniture £	Fixtures and fittings £	**Total £**
Cost			
At 1 September 2022	76,599	16,209	**92,808**
Additions	1,235	—	**1,235**
Disposals	(18,515)	—	**(18,515)**
At 31 August 2023	59,320	16,209	**75,528**
Depreciation			
At 1 September 2022	70,504	5,894	**76,398**
Charge for the year	4,138	4,421	**8,559**
Eliminated on Disposal	(18,515)	—	**(18,515)**
At 31 August 2023	56,127	10,315	**66,442**
Net book value			
At 31 August 2023	3,192	5,894	**9,086**
At 31 August 2022	6,095	10,315	**16,410**

10 Fixed assets investments

	2023 £	2022 £
Market value		
At 1 September 2022	**1,111,900**	1,139,498
Additions at cost	**473,300**	1,037,305
Disposal at opening market value (proceeds £424,556; loss £40,886)	**(465,442)**	(1,093,206)
Net unrealised (loss) gain	**(25,427)**	28,303
At 31 August 2023	**1,094,331**	1,111,900
Cash held within listed investments	**15,565**	51,480
	1,109,896	1,163,380
Cost		
At 31 August 2023	**1,106,858**	1,135,593
At 31 August 2022	**1,135,593**	984,192

	Total 2023 £
Unrealised gains included above on listed investments (see below)	
Reconciliation of movements in unrealised gains on investments	
Unrealised gains at 1 September 2022	**27,787**
Unrealised gains brought forward and losses realised in the year	**(31,095)**
Net unrealised losses in the year	**(25,427)**
Unrealised gains at 31 August 2023	**(28,735)**

10 ***Fixed assets investments*** *(continued)*

The following holdings comprised a material holding when compared to the value of the total listed investment portfolio at 31 August 2023:

	Market Value £	%
Aberdeen Offshore Sterling Fixed Int Fund Z	**66,501**	15
Aberdeen Standard Liquidity Fd Lux Sterling L1 GBP Dis	**89,905**	8.1
United Kingdom(Government Of) 3.5% Bds 22/10/2025 GBP1000	**72,485**	6.5
Aberdeen Offshore Global Fixed Int Fund Z Inc	**59,458**	5.4

Listed investments at 31 August 2023 comprised the following:

	2023 £	2022 £
Alternative Strategies	**80,770**	323,339
Overseas Equities	**453,749**	396,607
U.K Equities	**148,599**	147,746
U.K Fixed Interest	**411,213**	244,208
	1,094,331	1,111,900
Capital Cash Account	**15,565**	51,480
	1,109,896	1,163,380

11 Debtors: amounts falling due after one year

	2023 No.	2022 No.
Other Debtors	**11,942**	11,942
	11,942	11,942

Other debtors consist of a repayable deposit paid to secure the leasehold contract for the new head office premises.

12 Debtors: amounts falling due within one year

	2023 £	2022 £
Charitable activity debtors	**10,628**	19,207
Prepayments and accrued income	**14,966**	14,766
	25,594	33,973

Notes to the financial activities Year to 31 August 2023

13 (a) Creditors: amounts falling due within one year

	2023 £	2022 £
Charitable activity creditors	**8,659**	26,424
Social security and other taxes	**9,159**	9,031
Accruals	**22,107**	32,063
Deferred income	**266,794**	297,044
Other creditors	**2,843**	1,661
	309,562	366,223

Deferred income relates to inspection fees received in advance of inspections taking place and accreditation fees paid in advance for the next academic year, Movements on deferred income are shown below:

	2023 £
Deferred income at 1 September 2022	**297,044**
Resources released in the year	**(297,044)**
Resources deferred in the year	**266,794**
Deferred income at 31 August 2023	**266,794**

13 (b) Creditors: amounts falling due after one year

	2023 £	2022 £
Provisions	**21,585**	15,552
	21,585	15,552

The trustees have acknowledged their responsibility to uphold and enhance professional standards in the field of Higher and Further Education at an international level. To fulfil this constructive obligation to its stakeholders, BAC has decided to remain a member of ENQA, an organization that conducts a review of its members every five years at a cost of approximately £36,000. The cost of the review is provisioned for equally over the preceding 5 years.

14 Designated funds

	Sep-22	New designations	Utilised / Released	Sep-23
	£	£	£	£
Internal Capabilities	55,771	—	(29,252)	26,519
	55,771	**—**	**29,252**	**26,519**

The board have set aside funds for various projects internal development and marketing activities, with the aim of improving the efficiency of operations and furthering the charity's increase the profile with a larger number of organisations.

The funds are expected to be utilised within a time frame of 1 years from the reporting date.

15 Fixed asset fund

	Total £
At 1 September 2022	**35,318**
Net movements in year	**(11,169)**
At 31 August 2023	**24,149**

The fixed assets fund represents the net book value of the charity's fixed assets. The fund recognises the fact that the assets are required for the day-to-day operation of the charity and are not available for other purposes or as a general reserve.

16 Related party transactions

Dr Esther Huertas is on the council of trustees for BAC and European Network for Quality Assurance in Higher Education (ENQA). The BAC are a registered member association of ENQA and make annual payments for membership and recognise a constructive obligation to undergo a membership review every 5 years. Total expenditure related to ENQA in the year was £10,559, which accounts for £4,527 annual membership fee's due in the year and a provision of £6,032 has been recognised (2022: £19,644 expenditure and a provision of £6,242). There are no other outstanding balances at the end of the year.

Dr Anthony Manning is on the council of trustees for BAC and representative speaker for the UK Council for International Student Affairs (UKCISA). The BAC are a registered member association of UKCISA and make annual payments for membership. Membership fee due in the year was £545 (2022: £518)

Council of Validating Universities has a secretariat agreement with the BAC, as a result of this relationship Dr Janet Bohrer has been appointed as secretary of CVU, the reason for this is so she may carry out the obligations agreed between CVU and BAC, only when instructed by the council members of CVU. The total income received by the BAC is £28,000 (2022: £28,000), There are no outstanding debts due at the end of the year.

Other than as set out above and in note 6, there were no other transactions between the charity and any of its related parties.

17 Ultimate controlling party

The charity is under the ultimate control of the Council members.

18 Financial commitments

At 31 August 2023 the charity had total commitments under non-cancellable operating leases as follows:

	2023 Land and buildings £	2022 Land and buildings £
Operating lease payable		
Within one year	**42,373**	42,373
Between 2 to 5 years	**13,467**	55,840

B0402 2023 accounts final

Final Audit Report 2024-03-08

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Buzzacott LLP
130 Wood Street
London
EC2V 6DL

Your ref B0402/CHB/TB

Dear Buzzacott LLP

Audit representations - British Accreditation Council

This representation letter is provided in connection with your audit of the financial statements of British Accreditation Council ('the charity') for the year ended 31 August 2023 for the purposes of expressing an opinion as to whether the financial statements are true and fair, in all material respects.

We confirm that the following representations are made on the basis of enquiries of the trustees, management and staff with relevant knowledge and experience (and, where appropriate, of inspection of supporting documentation) sufficient to satisfy ourselves that we can properly make each of the following representations to you:

General

We have fulfilled our responsibilities under the Companies Act 2006, as set out in the terms of engagement letter dated 5 October 2022 for the preparation of the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (UK GAAP) which give a true and fair view and for making accurate representations to you as auditor.

We confirm that all the accounting records have been made available to you for the purpose of your audit and all the transactions undertaken by the charity have been adequately reflected and recorded in the accounting records. All other records and related information, including minutes of trustee meetings, have been made available to you. We have provided additional information that you have requested from us for the purposes of the audit and we have given you unrestricted access to persons within the charity in order to obtain audit evidence.

Going concern

We believe that the charity's accounts should be prepared on a going concern basis on the grounds that, based on the charity's assessment of the feasibility of future plans, current and future sources of funding or support will be adequate for the charity's needs.

We believe that no further disclosures relating to the charity's ability to continue as a going concern need to be made in the accounts. In assessing going concern, we have paid particular attention to a period of not less than one year from the date of approval of the accounts.

Accounting policies

We believe that the accounting policies and estimation techniques adopted for the preparation of the financial statements are the most appropriate to the circumstances in which the charity operates.

Fraud

We acknowledge our responsibility for the design and implementation of internal controls to prevent and detect fraud, and have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud. We are not aware of any irregularities, including fraud and suspected fraud, involving management, employees who have significant roles in internal control, or those employed by the charity where the fraud could have a material effect on the financial statements. No allegations of such irregularities or breaches have come to our attention.

Laws and regulations

Details of all laws and regulations that are fundamental to the operation and activities of the charity have been made available to you. We confirm that we have informed you of all serious incident reports made to the Charity Commission.

We are not aware of any breaches or possible breaches of statute, regulations, contracts, agreements or the charity's Memorandum and Articles of Association which might prejudice the charity's going concern status or that might result in the charity suffering significant penalties or other loss. No allegations of such breaches have come to our notice. We are not aware of any reason why the tax status of the charity may be jeopardised.

Loans and arrangements

The charity has not had nor entered into at any time during the year, any arrangement, transaction or agreement to provide credit facilities (including loans, quasi-loans or credit facilities) for trustees nor to guarantee or provide security for such matters.

Liabilities, provisions and contingencies

We are not aware of any liabilities, provisions, contingent assets, contingent liabilities or capital commitments other than those included or disclosed in the financial statements.

Related parties

We confirm that we have disclosed to you the identity of the charity's related parties and all of the transactions with those parties of which we are aware. Other than those included in the financial statements, the charity has not entered into any transactions involving trustees, officers or other related parties, which require disclosure under the Companies Act or Financial Reporting Standards.

Post balance sheet events

There have been no events since the balance sheet date which necessitate revision of the figures included in the financial statements or inclusion of a note thereto. Should further material events occur, which may necessitate revision of the figures included in the financial statements or inclusion of a note thereto, we will advise you accordingly.

Grants and donations

All grants, donations and other income, the receipt of which is subject to specific terms or conditions, have been identified in the financial statements and accounting records appropriately or otherwise notified to you. There have been no breaches of terms or conditions during the period in the application of such income.

Accounting estimates

The methods, the data, and the significant assumptions used by us in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in the context of the applicable financial reporting framework.

Adjustments

We confirm that we have agreed the audit adjustment detailed in your post-audit report which has been made to the figures which we presented to you for audit.

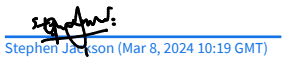
Unadjusted misstatements

We confirm that, aside from the adjustment mentioned above, we have been notified by you that only clearly trivial misstatements were identified during the audit.

Ethics

We confirm that we have been notified by you that there are no matters which you are required to raise with us to comply with your profession's ethical guidance which are in addition to the matters included in your planning letter to us dated 28 September 2023.

Yours faithfully



Signed on behalf of the board of trustees of
British Accreditation Council

08/03/2024

Date

BAC letter of representation

Final Audit Report 2024-03-08

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BRITISH ACCREDITATION COUNCIL FOR INDEPENDENT FURTHER AND HIGHER EDUCATION

England & Wales - Charity number 326652

Accounts

British Accreditation Council for Independent Further and Higher Education

Annual Report and Financial Statements

31 August 2022

Company Registration Number
01828990 (England and Wales)

Charity Registration Number
326652

BRITISH ACCREDITATION COUNCIL

http://www.the-bac.org/

Reference and administrative details

Members of the Council	Dominic Scott OBE (Chairman – retired 30 August 2022) Prof Phil Cardew (Chairman – appointed 1 September 2022) Prof David Law (Deputy Chair) Dr Stephen Jackson (Honorary Treasurer) Marc Griffith Dr Esther Huertas Hidalgo Dr Anthony Manning Kevin Everett Prof. Mary Bishop Dr. Victoria Stec Md. Mahbubal Alam (Student member) Dr. Nicola Mellor
Company Secretary	Dr Janet Bohrer
Registered office	First Floor Wax Chandlers Hall 6 Gresham Street London EC2V 7AD
Company registration number	01828990 (England and Wales)
Charity registration number	326652
Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL
Solicitor	Bates Wells and Braithwaite London LLP 10 Queen Street Place London EC4R 1BE
Banker	CAF Bank 25 Kings Hill Avenue West Malling Kent ME19 4JQ
Investment manager	Aberdeen Standard Capital 1 George Street Edinburgh EH2 2LL
Key Management Personnel	Dr Janet Bohrer (Chief Executive) Diana Morriss (Chief Inspector)

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Report of the Council Year to 31 August 2022

The members of the Council present their annual report together with the audited financial statements of the British Accreditation Council for Independent Further and Higher Education ('British Accreditation Council' or 'BAC') for the year ended 31 August 2022.

The financial statements have been prepared in accordance with the accounting policies set out on page 24 to 27 therein and comply with the charitable company's Memorandum and Articles of Association, applicable laws and the requirements of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102).

This report has been prepared in accordance with Part 8 of the Charities Act 2011 and constitutes a directors' report for the purposes of company legislation.

Structure, governance and management

The British Accreditation Council was incorporated on 29 June 1984 (Company No 1828990) and registered as a UK charity on 28 August 1984 (Charity No 326652). It is limited by guarantee without share capital. The liability of the members is limited to £10 each and accumulated funds are not distributable to the members.

The governing instrument under which the Company operates is its Memorandum and Articles of Association. Amended Articles of Association were approved by the charity on 19 October 2017 and 2 April 2018 by special resolution. The Articles of Association were reviewed in April 2021 and were considered fit-for-purpose.

The directors are treated as trustees for Charities Act purposes.

Members of the Council

The members of the Council are the Board of Trustees. The trustees who served during the year, and up to the date of approval of this report, are shown in the reference and administrative details at the front of this report.

The Articles of Association provide for a maximum of twelve directors. The trustees may appoint any director as a member of the Board of Trustees. The chair and deputy chair are appointed by the Board.

One member of Council resigned during this financial year.

Induction and training of Council members

At the recruitment stage potential Council members are given extensive information about the organisation and are fully informed of the purpose and charitable objectives of BAC. Potential trustees are then invited to meet with the Standing Committee to discuss the challenges facing the organisation and their potential contribution to the charity. Following appointment and ratification by Council, induction meetings are organised for new members of Council and Accreditation Committee as appropriate.

Structure, governance and management *(continued)*
Statement of Council's responsibilities

The Council members (who are also trustees and directors of the British Accreditation Council for Independent Further and Higher Education for the purposes of company law) are responsible for preparing the annual 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 Council members to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the income and expenditure of the charitable company for that period.

In preparing these financial statements, the Council members are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable to the United Kingdom and Republic of Ireland (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

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

Each of the Council members confirms that:

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

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

Structure, governance and management *(continued)*
Statement of Council's responsibilities *(continued)*

The Council members 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.

Governance

The governance structure consists of the Council, which is formed of the trustees, and acts as the Board of Directors. The Council meets three times a year.

The Chair of the Council is Prof Phil Cardew, appointed 1 September 2022, who replaced Dominic Scott OBE.

The Council has three sub-committees. The Audit Committee provides financial and regulatory oversight. The Standing Committee meets between Council meetings to provide continuity and support the charity. The Standing Committee has, as members, the Chair of the Council, the Deputy Chair of the Council and the Honorary Treasurer. Duties of Nominations and Governance are discharged by the Standing Committee.

The responsibility for decisions on accreditation is overseen by the Accreditation Committee (AC). The AC is appointed by the Council and consists of members appointed by virtue of their experience and expertise with regard to educational standards. Dr Anthony Manning is the Chair of the Accreditation Committee. The Accreditation Committee receives the reports of completed inspections and takes decisions on the award or withdrawal of accreditation, making its recommendations based on BAC's accreditation policy and procedures. It also regularly reviews the quality assurance criteria used by inspectors in making judgements and recommendations. The Committee had six meetings and three sub-committees this year.

Key management personnel

In the period of review, Council members consider that they, together with the Chief Executive, and the senior management team comprise the key management personnel of the charity. None of the Council members receive any remuneration from the charity in connection with their role as Council members.

There was a pay review for the CEO and BAC staff in the year. All staff including the CEO received a 5% increase in salary which was applicable from 1 September 2022.

Other transactions with members of the Council are disclosed in note 6.

Public benefit

The Council members have taken into regard the Charity Commission's guidance on public benefit and that all the Council's activities are directed to fulfilling its charitable objects of the improvement and maintenance of standards in independent further and higher education and training and that in doing so it is working for the public benefit. Some of these benefits are given below:

Structure, governance and management *(continued)*
Public benefit *(continued)*

- The BAC accreditation mark provides students and potential students with an indication of quality.
- BAC inspections supports the HM Government to protect the reputation of further and higher education and training in the UK by providing independent judgments, made on the basis of inspection by qualified and experienced inspectors, of the quality of provision of private institutions of further and higher education and training.
- The information, marketing and promotional work undertaken ensures that international students, agents and the education sector as a whole are aware of the range of institutions and courses available.
- Training events and seminars assist in the professional development of staff and institutions, thereby improving the quality of provision.
- The advice and support offered to institutions through informal and formal avenues provide them with guidance regarding good and best practice, thus helping to raise standards of provision.
- The complaints procedure provides students with a free and accessible means of resolving disputes with accredited institutions.

Fundraising statement
The charity does not actively undertake fundraising activities and does not employ the services of Professional Fundraisers. During 2021/22, the charity received no complaints about fundraising activities.

Objectives and activities
The British Accreditation Council for Independent Further and Higher Education is registered for charitable purposes and its objects are:

- providing a system of accreditation for educational and training institutions in order to promote public confidence in such institutions and their programmes of study; and
- assisting in the improvement and maintenance of the standards of accredited institutions through the offer of advisory and consultancy services principally in the field of further and higher education.

Report of the Council Year to 31 August 2022

Achievement and performance

Accreditation and inspection activity

The table below gives details of the applications received, inspections carried out and awards of accreditation in the period September 2021 to August 2022 and compares these with the figures from the previous year.

	September 2021 to August 2022	**September 2020 to August 2021**
New institutions awarded accreditation – UK	13	13
New institutions awarded accreditation – international	3	1
Total number of accredited institutions	198	213
Withdrawals	27	24
International accredited institutions	35	34
Applications received from new institutions	21	14
Inspections conducted	69	93

BAC's objectives 2021-22: Progress made

With regard to BAC's objectives for 2021/22 the following progress has been made:

A new strategic plan for the following five years was developed. This was approved by Council in February 2022 and published and shared with stakeholders in March 2022.

Objectives	**Progress**
BAC will **invest in growth** by expanding products and services to add value to current accredited providers and to attract a wider range of new providers	• We published a new 5-year strategy in February 2022 with an accompanying internal action plan that includes detailed objectives, milestones, KPIs and timelines. • We updated the Risk Register in June 2022 and have improved the way we monitor risks through the Audit Committee. We introduced a new risk matrix that gives extra emphasis to impact when assessing risk. We have also strengthened our approach to monitoring of risks for the organisation and as such the Audit Committee has a standing agenda item for every meeting to review a dashboard of risks and a paper focusing on a specific area, as appropriate. • The Standards Review project was completed and we now have a published Common Quality Framework. This is an overarching framework used to clearly articulate what it means to be BAC accredited across all our accreditation schemes. This was launched and published in September 2022. • We are reviewing all our accreditation schemes in 2022-2023. The work for this started in the summer 2022 which allowed for a plan and timeline to be published in September 2022.

	• We have embedded our governance quality cycle by completing full reviews of all Terms of Reference for Council and committees and added a standing agenda item for review at the start of each year for all. We received a Crystal Mark for clarity for these documents and published them on the website. • We drew down funds from investments to spend on growth activities and added a standing agenda item for Audit Committee to review and monitor this Development Fund separately to usual operational spending. • We developed a new accreditation scheme for providers of micro-credentials and launched a pilot in October until end of January 2023. We held an online event to give details about the scheme and answer questions. • Work has started on a pilot of a liaison initiative for accredited providers.
BAC will continue to promote and be active in the quality assurance **Community**	• Our Annual Stakeholder Event took place in April 2022. It was a hybrid event involving external speakers as well as updates about BAC and a Q&A with senior staff and trustees. • The BAC webinar series continued with good attendance from providers. • We organised more developmental workshops, giving participants the possibility to engage with peers, share experiences, explore options and determine priorities for the future. The workshops, facilitated by an independent quality assurance expert, were offered free of charge to BAC-accredited providers and provided an inclusive environment for ideas to be exchanged and options to be considered: o Navigating out of the pandemic: Debating Options. Sharing Directions (10 December 2021) o Micro-credentials: Promoting Modular, Portable, Stackable, Flexible Lifelong Learning (1 April 2022) • As part of our aim to more actively engage with ENQA activities, BAC chaired the ENQA working group on External quality assurance of micro-credentials. The dissemination event took place online on 27 September 2022. It was a great success with over 200 attendees. Professor Anca Greere chaired the group on BAC's behalf and we were very pleased to have the opportunity to present a case study for our Pilot Micro-credentials scheme. • Two members of staff attended a 2-day ENQA event, held in Cologne, for recently reviewed agencies.
BAC will continue to **Grow and Diversify** especially Global and European activities	• We have made contact at national and regional level, building on successful inspections. Meetings have taken place or are planned in South Africa and Nepal. • We are developing a plan for growth and working to further identify regions and countries to target. • We have decided to invest in a six-month contract with a consultancy company to actively pursue work internationally and that is planned to start in 2023.

BAC will actively engage in the development of its **Ethical responsibilities**	• A review of our investments took place. • We have changed to a directly invested investment portfolio with more transparency, flexibility, and the option to choose specific ethical screens. Our Investment Manager facilitated a workshop on 8 March 2022 for Council members to review and choose the ethical screens to apply to the proposed new portfolio and they were approved by Standing Committee and Audit Committee at a 'deep dive' exercise on 17 March 2022. • We are committed to reviewing our policies and working practices and started with a review of employment documents including the Employee Handbook and all staff contracts. These were updated in line with changes in legislation (with HR support service Worknest). No changes have been made to individual staff's terms and conditions. A salary review also took place in April 2022, where the Remuneration Committee benchmarked salaries according to job role. The Committee looked at Charity and Higher Education sector salaries for comparison. The contracts and salary changes came into effect on 1 September 2022 at the same time as the annual increase to salaries. The Health and Safety Policy and Privacy Notice have also been updated. • Since the move to a new office in 2020, we have donated furniture that we no longer use to charitable causes. We worked with a company who collected and distributed the furniture and it had the following impact: o 26 items/932kg diverted from landfill o An in-kind donation of £4,130 donated to the community o 1,167kg of CO2e avoided
BAC will continue to develop good practice in its use of **integrated use of the data and information** collected from BAC inspections and other work	• We have completed the purchase of a CRM system and are in the implementation phase. The CRM will help with our development of more detailed financial information to help with financial forecasting, make inspection and accreditation fees more transparent and prepare for growth.

Risk management

The Council members have a duty to identify and review the risks to which the charity is exposed and to ensure appropriate controls are in place to provide reasonable assurance against fraud and error. The Council members delegate ongoing oversight to the Audit Committee for annual review to Council or reporting by exception. The Audit committee meet regularly where risk mitigation activities and emerging risks are reviewed. The members of Audit Committee are satisfied with the measures employed to assess and address identified risks.

We updated the Risk Register in June 2022. We introduced a new risk matrix that gives extra emphasis to impact when assessing risk. We have also strengthened our approach to monitoring of risks for the organisation and as such the Audit Committee has a standing agenda item for every meeting to review a dashboard of risks and a paper focusing on a specific area, as appropriate.

Identified Risk	**Mitigating Actions**
Reputational damage arising out of inappropriate activity or behaviour	BAC has embedded integrity and transparency across all activities; All BAC representatives are DBS checked when working with under 18s; BAC has produced clear inspection guidelines and conducts monitoring inspections to ensure they are adhered to; The Bribery and Anti-Corruption policy is strictly enforced and monitored; There are plans to provide workshops for trustees and staff on governance topics; BAC has the necessary legal insurance requirements and professional indemnity cover to provide financial support in the event BAC is accused of acting inappropriately.
Financial loss arising out of financial impropriety	BAC maintains a large financial reserve equivalent to 18 months of operating costs; BAC has extensive and transparent financial controls and by choice undergoes an external audit each year despite being below the audit threshold; BAC has independent auditors who have a reputation for independence and rigour; There is a division of responsibility between staff who deal with banking protocols and finances. BAC's external auditor makes recommendations on internal control that arise out of the external audit and with reference to sector best practice; Funds drawn down for the Development Fund are managed separately. The use/spending of the Development Fund will be overseen by the Audit Committee; The new investment portfolio has increased visibility in terms of where funds are invested as well as ethical screens and changes to investments can be made quickly through the investment manager.
Change in government student visa regime	BAC has developed a range of value-added products including webinars and the Marketing Pack to attract and retain providers and reducing susceptibility to withdraw in the extreme event of BAC being removed from the list of UK government approved accrediting bodies;

	BAC has significantly increased due diligence in accepting new and reaccreditation applications and developed and implemented a more rigorous inspection process in order to build and maintain confidence in the inspection and accreditation process; We are diversifying income streams to reduce reliance on the UK market and limit the impact of an unexpected change in government policy; We have a direct contact at the Home Office.
Competition increases in the quality assurance arena	BAC conducts regular reviews of BAC processes to ensure they meet the needs of external stakeholders; BAC continues to develop products and processes to ensure they remain world leading in terms of quality assurance; We are working to improve the BAC profile in all markets in which we operate; We have built and continue to build and develop links with stakeholders through webinars, news updates and the Provider Journey; We maintain strict cost controls to allow competitive prices to be offered to existing and new providers; We are increasing investment in developing and promoting BAC across all markets.
Loss of ENQA Membership	A designated member of staff has key responsibilities relating to ENQA oversight and reports directly to the Standing Committee on ENQA compliance. We give relevant members of staff the necessary time and resources to attend ENQA events and to keep up to date with ENQA membership requirements. The whole staff team is made aware of any specific activity relating to ENQA compliance and they take collective responsibility for providing information and evidence as and when necessary. We review BAC procedures to make sure they are ENQA compliant on a regular basis. We have had a positive response to our interim progress report, no major causes for concern raised.
Loss of EQAR Listing	A designated member of staff has key responsibilities relating to EQAR oversight and reports directly to the Standing Committee on EQAR compliance. We give relevant members of staff the necessary time and resources to attend EQAR events and to keep up to date with EQAR listing requirements. The whole staff team is made aware of any specific activity relating to ENQA compliance and they take collective responsibility for providing information and evidence as and when necessary.
Catastrophic infrastructure failure or cyber attack	All data is now backed up offsite. Key IT infrastructure is now in the Cloud with greater security and multiple backup processes.

	Financial information is now held in the Cloud via Xero and is considered to be as secure as is feasibly possible for an organisation of BAC's size. In the event of damage to or no access to premises, BAC telephone services have been rerouted to temporary accommodation. The policy is for staff not to leave their laptops in the office overnight so they can work remotely at short notice. We are investigating the addition of Multi Factor Authentication for our devices and systems with our IT support provider.
Significant and prolonged downturn in stock markets negatively impacting BAC investments and reducing capital to invest	We take expert advice on management of BAC investments. We have moved the portfolio to direct investments with more transparency and with better annual performance overall compared to the previous portfolio. We have the flexibility to make changes almost immediately. Investment performance is monitored by the Audit Committee.
International Recession	We maintain awareness of leading economic indicators. We maintain close links with the sector to monitor sector feedback We continue to provide added value activities thereby increasing the value of BAC accreditation We continue to communicate the value of accreditation to BAC providers, educators, students and governments
Global economic crisis	Robust banking arrangements and appropriate insurance are in place. We can adapt financial arrangements to support providers such as dormancy criteria, payment plans and postponement of inspections on a case-by-case basis.
Regulatory Framework in the UK changes	We maintain awareness of the political debate. We identify possible outcomes of different scenarios. We review the impact of possible scenarios on a regular basis to monitor the impact on BAC accredited institutions or on the impact on BAC's right to conduct accreditation activities.
National or global pandemic	We continue to develop our digitised processes to ensure remote working online can be applied to all BAC operations. We have introduced flexible working arrangements for staff and can implement full-time home working at short notice. The office arrangements and equipment are suitable for socially distanced working. Key staff undertake relevant Health and Safety training as necessary. We continue to receive Health and Safety and HR support services and advice from Worknest; We have communicated to staff what support there is for wellbeing, there is an updated Employee Handbook, an Employee Assistance Programme

	that offers counselling and a 24hr support line and we have a trained Mental Health First Aider on the team. We can adapt financial arrangements to support providers such as dormancy criteria, payment plans and postponement of inspections on a case-by-case basis.
War in Ukraine	We do not currently work with any providers who are based in Ukraine. We maintain awareness of ENQA messaging and the industry impact and response to the war.
Post-Brexit UK visa/border rules change	We will ensure we provide invitation letters to international visitors coming to the UK for BAC activities or events.

Future plans

The Strategic Plan 2021-2026 is a five-year plan and detailed objectives and activities are monitored through an internal three-year action plan.

BAC objectives for 2022-23 are as follows:

Objectives	**Proposed actions**
BAC will **invest in growth** by expanding products and services to add value to current accredited providers and to attract a wider range of new providers	• The review of all accreditation schemes will be completed, and the annual cycle of reviews will continue. • The pilot liaison initiative will be completed, and a service introduced based on what we have learnt. • The MC scheme pilot is due to end January 2023 and if successful will be added to our existing suite of schemes and marketed as necessary. • We will update the website and develop a plan for long term improvements • We will develop further support for providers e.g., potential training module
BAC will continue to promote and be active in the quality assurance **Community**	• We will continue our schedule of webinars • The Annual Stakeholder Event will take place on 30 March 2023. • We will look for opportunities to attend conferences and/or contribute papers.
BAC will continue to **Grow and Diversify** especially Global and European activities	• We will define our growth strategy and identify regions and countries to target. • We will hold a deep dive for trustees around international growth and organise and international event. • We will work with a consultancy company to actively pursue work internationally in 2023. • We will continue to build on successful international inspections, developing regional activities and potential working with ministries through free and paid projects.

	• We will continue to develop a portfolio of activities to actively promote BAC.
BAC will actively engage in the development of its **Ethical responsibilities**	• We will calculate our carbon footprint and take steps towards zero carbon emissions. • We will look to implement ways in which we can lead in the promotion of environmental responsibility and being open about our sustainable development goals. • The review of our working practices will continue including updating our Data Protection policies and procedures and business continuity and cyber security plans. • We will continue to review value for money from our suppliers whilst also recognising London Living Wage hourly rates.
BAC will continue to develop good practice in its use of **integrated use of the data and information** collected from BAC inspections and other work	• The implementation of the CRM will be complete, and we will monitor its use and look for further ways it can improve our operations. • We will focus on the report process for inspections and look to process them through using Sharepoint and all information uploaded to an online portal • We will produce thematic reports and use them to influence the direction for development of inspection methodologies as well as themes for enhancement workshops • We will conduct governance reviews as endorsed by Charities Good Practice and as preparation for increased work with a potential growth of activities

Covid-19 Impact on Financial Controls

As with the previous year there has been very little impact to the day-to-day financial controls of the charity.

The Audit committee still believe there is higher level of liquidity risk compared to pre-covid and have continued to hold the increased level of supervision on cash flow till it is deemed this risk has fallen to pre-covid levels.

Covid-19 Impact on Financial Performance

The operational financial performance of the charity has further impacted on the retention numbers of accredited providers, with the longer than expected imposed restrictions accredited providers have made the difficult decision to withdraw from the scheme and in some cases have ceased all activity.

Towards the end of the year, we have seen promising signs that performance of accreditation income will improve in the following year, with increase of new applications for accreditations schemes. Also the number of inspections have also increased, with the lifting of restrictions inspections that could not take place are now moving forward.

Financial review

A summary of the year's results can be found on page 21 of the financial statements. The deficit for the year before gains on investments was £84,699 (2021 – £29,606).

The total income for the year is £620,447, an increase of around £10,000 over the previous year (2021 - £610,331), Given that the current year has been difficult as the organisation feels the effects of global events, this is encouraging.

During the period under review, the Bank of England reported an inflation rate of approximately 10%, which has had a adverse impact on the charity's general operating costs. However, the primary contributor to the increase in the operational deficit, which stands at over £50,000, is the escalation in office lease and premises expenses. The previous year, the charity was able to postpone its office relocation due to the lockdown restrictions and staff working from home resulting in saving in that year. However, in the current year, as operations have resumed to their pre-covid level of normalcy, the charity has occupied the new premises for the entirety of the year.

The net deficit for the year was (£118,992) after loss on investments of £34,293 the loss in value of the investment portfolio is result the markets response to a number of factors and world events (2021 – surplus for the year was £143,324 after gains on investments of £172,930).

The forecasted year-end deficit prompted the board to take proactive measures to address the situation. To that end, the board has allocated £75,000 in general unrestricted funds with the aim of investing in the organization's capabilities. This includes implementing new operational processes such as custom software, which is expected to drive cost-saving efficiencies for the charity. Additionally, the funds will be used to support growth efforts and explore new opportunities to enhance the organization's visibility and attract new providers to apply for accreditation.

Furthermore, the board has taken additional steps to mitigate the impact of inflation and increased accreditation and inspection fees for the upcoming year by implementing a 5% increase. This measure has been implemented without negative feedback and has not affected provider retention.

Income

Accreditation fees

The income generated from accreditation fees has seen a decline of approximately 17%, with a total of £330,548 in 2022, as compared to £374,157 in 2021. This trend is consistent with the previous year and is primarily attributed to the adverse impact of the COVID-19 pandemic on the income of providers, as well as the effect of inflation. As a result of these factors, many providers have had to implement cost-saving measures by withdrawing from accreditation programs, and some have been forced to discontinue operations altogether.

It is believed that most providers that have been substantially affected by global events have already withdrawn, and the number of withdrawals is expected to decrease in the future. Additionally, there are indications of renewed interest in the BAC accreditation schemes, as there has been a 33% increase in new applications from providers over the previous year. This is expected to help improve accreditation fee income and replace the withdrawn organizations moving forward.

Financial review*(continued)*
Income*(continued)*
Inspection Fees

Inspection fee income has increased in the year by 24% to £253,231 (2021: - 5%, £203,471), even though the total number of inspections has dropped. The scope of inspections in the current year have been much larger, as inspectors have been able to carry out onsite inspections of larger organisations who had their inspections delayed in previous years and clear up the backlog.

Other Income

The performance of our fixed asset investment portfolio has been below expectations, resulting in a net loss of £34,293 during the period under review. This is attributed to the impact of global events on financial markets. The Audit Committee remains vigilant in its oversight of investment performance, given the ongoing instability in financial markets.

Expenditure

Charitable Activities

Direct expenditure includes the cost of conducting inspections of accredited organisations and offering workshops to providers on a range of issues. Expenditure is directly correlated with the inspection activity, which is influenced by the numbers and scope of inspections taken place in the year, direct expenditure has increased by circa 40% as predicted in the previous year. Organisations affected by the pandemic have been in a position to recommence operations which has meant inspections can be arranged to clear the backlog of delayed inspections 2022 – £157,458 (2021 – £112,092).

Staff Costs and Running Costs

The total costs associated with staffing have decreased in 2022 £388,832 (2021 - £390,189).

Running costs and other support costs have increased by 18% for the year, 2022 - £157,208 (2021 - £133,299). This increase in expenditure was expected as the charity has relocated to a new office and leased the office for a full year. The impact of increased expenditure has been decreased with savings related to reduced legal fees in the current year.

Investment policy

The value of BAC's investments holding is a mixture of equities, fixed income and cash held for investment purposes, the market value at the reporting date stands at £1,163,380 in 2022 (2021 - £1,276,053). BAC's investments were held in a managed investment portfolio by Aberdeen Standard Capital (Charities Aid Foundation Managed Portfolio Service – Progressive Capital Growth Account).

The investment policy aims to generate capital growth over the medium to long term, without exposing BAC to the risks and volatility associated with a wholly equity focused portfolio. The Council members are satisfied with the performance of the investment portfolio during the year.

The charity also has cash at bank and in hand of £260,068 (2021 – £184,503). The liquidity risk is managed by maintaining a balance between the continuity of funding and flexibility of access to funds.

Reserves policy

The trustee members consider that free reserves of the charity should represent at least six months' expenditure, equating to approximately £450,000, to ensure that the organisation can cope with all financial commitments without recourse to borrowing.

The free reserves on 31 August 2022 were £1,031,817 (2021 – £1,221,348) which exceeds the target level of reserves stated in the reserves policy. However, the Council members consider it appropriate to hold reserves in excess of the target, in consideration of the strategic objectives to be achieved and forecasted financial position over the short, medium, and long term along with the consequences of the pandemic, and the reserves policy reflects only the minimum level of free reserves required.

The Council will proactively assess the need for measures to mitigate the potential loss of funding resulting from providers unable to continue operations in the coming year. While it is possible that the effects of this may have a secondary impact on BAC, the Council will remain vigilant in monitoring the situation and have not deemed it necessary to utilise any more reserves than already approved in the current year.

Going Concern

The Trustees are required to confirm that it is appropriate for the BAC to adopt the going concern principle in preparing its accounts. Based on the viability review and taking into consideration the BAC closing reserves and strong cash position, the Trustees of the British Accreditation Council have reasonable expectation that the charity will continue to operate for the 12 months from the signature of this report.

As such the Trustees of the BAC continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Approved by the Council on 9 February 2023 and signed on its behalf by:

[Stephen Jackson]
Stephen Jackson (Feb 16, 2023 09:02 GMT)

Independent Auditor's Report Year to 31 August 2022

Independent auditor's report to the members of British Accreditation Council

Opinion

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

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2022 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusion relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Annual Report and Financial Statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the trustees' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the trustees' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the trustees' report and from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

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

- the Senior Statutory Auditor ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations; and

- we obtained an understanding of the legal and regulatory frameworks that are applicable to the charitable company and determined that the most significant frameworks which are directly relevant to specific assertions in the financial statements are those that relate to the reporting framework (Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), Companies Act, and the Charities Act) as well as data protection and safeguarding regulations.

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

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

- making enquiries of management as to their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

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

- performed analytical procedures to identify any unusual or unexpected relationships.
- carried out substantive testing of expenditure including the authorisation thereof.
- reviewed journal entries to identify unusual transactions and substantiated these where appropriate; and
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias.

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

- review of the minutes of meetings of those charged with governance; and
- enquiring of management as to actual and potential litigation and claims.

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

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

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

Independent Auditor's Report Year to 31 August 2022

Use of our report

This report is made solely to the charitable company's member, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's member those matters we are required to state to it 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 member, for our audit work, for this report, or for the opinions we have formed.

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

Date: 3 March 2023

Statement of financial activities (including income and expenditure account) Year to 31 August 2022

	Notes	**Total 2022 £**	Total 2021 £
Income from:			
Charitable activities			
. Accreditation and inspection fees	1	**620,379**	610,313
Investments	2	**68**	18
Total income		**620,447**	610,331
Expenditure on:			
Raising funds		**3,380**	2,007
Charitable activities			
. Accreditation and inspection		**701,766**	637,930
Total expenditure	3	**705,146**	639,937
Net expenditure before gains on investments		**(84,699)**	(29,606)
(Losses)/gains on investments	10	**(34,293)**	172,930
Net (expenditure)/income and net movement in funds		**(118,992)**	143,324
Reconciliation of funds			
Total funds brought forward		**1,241,898**	1,098,574
Total funds carried forward		**1,122,906**	1,241,898

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

The charity has no recognised gains or losses other than those shown above.

Balance sheet 31 August 2022

	Notes	2022 £	2022 £	2021 £	2021 £
Fixed assets					
Intangible fixed assets	8	**18,908**		—	
Tangible fixed assets	9	**16,410**		20,550	
Debtors	11	**11,942**		—	
Investments	10	**1,163,380**		1,276,053	
			1,210,640		1,296,603
Current assets					
Debtors	12	**33,973**		21,490	
Cash at bank and in hand		**260,068**		184,503	
		294,041		205,993	
Creditors: amounts falling due within one year	13(a)	**(366,223)**		(251,388)	
Net current liabilities			**(72,182)**		(45,395)
Creditors: amounts falling due after one year	13(b)		**(15,552)**		(9,310)
Total net assets			**1,122,906**		1,241,898
The funds of the charity					
Unrestricted funds					
. General funds			**1,031,817**		1,221,348
. Designated funds	14		**55,771**		—
. Fixed asset fund	15		**35,318**		20,550
Total funds			**1,122,906**		1,241,898

The financial statements were approved by the Council and were signed on its behalf by:

Stephen Jackson Stephen Jackson

Stephen Jackson (Feb 16, 2023 09:02 GMT)

Date: [Feb 16, 2023]

Company Registration Number 01828990 (England and Wales)

Statement of cash flows Year to 31 August 2022

	Notes	2022 £	2021 £
Cash flows from operating activities:			
Net cash used in operating activities	A	**20,344**	(37,201)
Cash flows from investing activities:			
Purchase of intangible fixed assets		**(19,228)**	—
Purchase of tangible fixed assets		**(3,999)**	(16,208)
Investment income received		**68**	18
Proceeds from sale of investments		**1,115,685**	277,330
Purchase of investments		**(1,037,305)**	(277,331)
Net cash used in investing activities		**55,221**	(16,191)
Change in cash and cash equivalents in the year		**75,565**	(53,392)
Cash and cash equivalents at 1 September 2021	B	**184,503**	237,895
Cash and cash equivalents at 31 August 2022	B	**260,068**	184,503

Notes to the statement of cash flows for the year to 31 August 2022

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

	2022 £	2021 £
Net movement in funds (as per the statement of financial activities)	**(118,992)**	143,324
Adjustments for:		
Amortisation charge	**320**	—
Depreciation charge	**8,139**	7,184
Net losses/(gains) on investments	**34,293**	(170,923)
(Increase)/decrease in debtors	**(24,425)**	60,016
Decrease/(increase) in creditors	**121,077**	(76,784)
Investment income receivable	**(68)**	(18)
Net cash used in operating activities	**20,344**	(37,201)

B Analysis of cash and cash equivalents

	2022 £	2021 £
Total cash and cash equivalents: Cash at bank and in hand	**260,068**	184,503

C Analysis of changes in net debt

	At 1 September 2021	Cash flows	**At 31 August 2022**
Cash at bank and in hand	184,503	75,565	**260,068**
Total	184,503	75,565	**260,068**

Principal accounting policies Year to 31 August 2022

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

Basis of preparation
These financial statements have been prepared for the year to 31 August 2022 and are presented in sterling rounded to the nearest pound.

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

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

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

Critical accounting estimates and areas of judgement
Preparation of the financial statements requires the Council members and management to make significant judgements and estimates.

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

- estimating the useful economic life of tangible fixed assets.
- estimating the useful economic life of intangible fixed assets.

Assessment of going concern
The Council members have assessed whether the use of the going concern assumption is appropriate in preparing these financial statements. The Council members have made this assessment in respect to a period of one year from the date of approval of these financial statements.

The Council members of the charity have concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the charity to continue as a going concern. In making this assessment the trustees have considered the impact of longer-term impacts of covid 19 and world events. In response, the charity has taken steps to ensure that there are sufficient levels of cash available as outlined in the trustees' report. Despite the fact that the charity has net current liabilities of £72,182 on 31 August 2022 (2021 – net current liabilities of £45,395), the Council members are of the opinion that the charity will have sufficient resources to meet its liabilities as they fall due.

The net current liabilities position is due to advanced payments received for 2022/23 annual accreditation fees and Inspections planned to take place in the next financial year.

Assessment of going concern*(continued)*

The most significant areas of judgement that affect items in the financial statements are detailed above. With regard to the next accounting period, the year ending 31 August 2023, the most significant areas that affect the carrying value of the assets held by the charity are the level of investment return and the performance of the investment markets (see the investment policy of the Report of the Council for more information).

Income recognition

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

Income comprises fees from inspections and accreditations, consultancy contracts, investment income and grants.

Accreditation and inspection fees are recognised when they have been earned. For inspection fees, entitlement is measured with reference to the date that the inspection takes place.

Income of a contractual nature is recognised to the extent that it is probable that the economic benefits will flow to the charitable company and the revenue can be reliably measured. It is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value-added tax and other sales taxes.

Dividends are recognised once the dividend has been declared and notification has been received of the dividend due. Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charitable company; this is normally upon notification of the interest paid or payable by the bank.

Donations and grants are recognised on a receivable basis (where there are no performance-related conditions) where the receipt is probable, and the amount can be reliably measured.

Expenditure recognition

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

Expenditure is classified under headings that aggregate all costs related to the category. Where costs cannot be directly attributed to particular headings, they have been allocated to activities on a basis consistent with the use of resources.

Governance costs, comprising the costs involved in the public accountability of the charity (including audit costs) and costs in respect to its compliance with regulation and good practice, are allocated to the cost of charitable activities.

Intangible fixed assets

Intangible assets comprise purchased computer software licences and any costs directly attributable to bringing the licences into use, such as configuration or implementation costs.

The costs of bespoke systems developed by the British Accreditation Council are capitalised where all the criteria in FRS 102 are met. Intangible assets are capitalised where expenditure of £3,000 or more is incurred.

Intangible assets are included initially at cost, Intangible assets are amortised on a straight-line basis over the period of the related licence, or the period over which the British Accreditation Council anticipates using the asset over its useful life. Amortisation charges are included in expenditure on charitable activities, as either direct costs or support costs, according to the activity that the underlying asset is used to deliver.

Tangible fixed assets

Items are capitalised where the purchase price exceeds £250. Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Computer equipment and office furniture	33% on cost
Fixtures and fittings	Straight line basis over the lease term (44 months).

Fixed asset investments

Fixed asset investments consist of listed investments.

Listed 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.

The main form of financial risk faced by the charity is that of fluctuations in equity and investment markets due to wider economic conditions, the attitude of investors to investment risk, and changes in sentiment concerning equities within particular sectors or sub sectors.

Realised gains (or losses) on investment assets are calculated as the difference between disposal proceeds and their opening carrying value, or their purchase value if acquired subsequent to the first day of the financial year. Unrealised gains and losses are calculated as the difference between the fair value at the year end and their carrying value at that date. Realised and unrealised investment gains (or losses) are combined in the statement of financial activities and are credited (or debited) in the year in which they arise.

Debtors

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

Cash at bank and in hand

Cash at bank and in hand represents such accounts and instruments that are available on demand or have a maturity of less than three months from the date of acquisition. Deposits for more than three months but less than one year have been disclosed as short-term deposits.

Principal accounting policies Year to 31 August 2022

Creditors and provisions

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

Taxation

The British Accreditation Council is a registered charity and therefore is not liable to income tax or corporation tax on income derived from its charitable activities, as it falls within various exemptions available to registered charities.

Fund accounting

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the Council members. Designated funds which are set aside at the discretion of the Trustees for a specific purpose, or where funds are effectively constrained by their application in operational fixed assets.

The fixed asset fund represents the net book value of the fixtures, fittings, office furniture, computer equipment of the charity and intangible assets referring to software licenses. Such assets are vital to the charity being able to carry out its work and the value invested in the assets cannot, therefore, be realised in order to meet future expenditure or liabilities. To emphasise this point, the net book value of the assets is represented by a specific fixed asset fund on the balance sheet.

The trustees have designated funds of 75,000 in the current year for the purpose and any application of designated funds are set out in note 14 to the accounts.

Pension costs and other post-retirement benefits

The charity operates a defined contribution pension scheme. Contributions payable to the charity's pension scheme are charged to the statement of financial activities in the period to which they relate.

Notes to the financial activities Year to 31 August 2022

1 Income from charitable activities – Accreditation and inspection fees

	2022 £	2021 £
Accreditation Fees UK	**330,548**	374,157
Inspection Fees UK	**253,231**	203,471
Application Fees	**8,600**	7,500
Other Fees	**28,000**	25,185
	620,379	610,313

2 Investment income

	2022 £	2021 £
Interest receivable	**68**	18

3 Expenditure on:

		Support costs				
	Direct costs £	Running costs £	Finance £	Staff costs £	**2022 Total £**	2021 Total £
Raising funds						
. Investment manager fees	3,380	—	—	—	**3,380**	2,007
Accreditation and inspection:						
. Accreditation and inspection delivery	152,578	140,858	968	388,832	**683,236**	599,907
. Bad debts	2,180	—	—	—	**2,180**	1,291
. Governance (note 4)	—	16,350	—	—	**16,350**	36,732
	158,138	157,208	968	388,832	**705,146**	639,937

		Support costs				
	Direct costs £	*Running costs £*	*Finance £*	*Staff costs £*	*2021 Total £*	*2020 Total £*
Raising funds						
. Investment manager fees	*2,007*	—	—	—	*2,007*	*1,959*
Accreditation and inspection:						
. Accreditation and inspection delivery	*112,092*	*96,567*	*1,059*	*390,189*	*599,907*	*744,974*
. Bad debts	*1,291*	—	—	—	*1,291*	*6,009*
. Governance (note 4)	—	*36,732*	—	—	*36,732*	*24,321*
	115,390	*133,299*	*1,059*	*390,189*	*639,937*	*777,263*

4 Governance costs

	2022 £	2021 £
Legal and professional fees	**3,587**	23,052
Accountancy fees	**2,000**	2,000
Auditor's remuneration	**9,703**	11,680
	16,350	36,732

5 Net expenditure

	2022 £	2021 £
Net expenditure is stated after charging:		
Auditor's remuneration – statutory audit		
. Current year	**9,690**	8,900
. Prior Year	**-**	1,680
Amortisation	**320**	-
Depreciation	**8,139**	7,184

6 Transactions with Council members' and key management personnel

The Council members consider that they, together with the Chief Executive and Chief Inspector, comprise the key management personnel of the charity. The total remuneration of the key management personnel for the year (including taxable benefits and employer's pension and national insurance contributions) was £112,761 (2021 - £143,752).

Council members received no remuneration or other benefits for the year ended 31 August 2022 (2021: £nil).

Expenses were reimbursed to the Council members for out-of-pocket expenses 2022 £467.03 (2021 - £nil).

7 Staff costs

	2022 **£**	2021 £
Wages and salaries	**324,277**	321,254
Social security costs	**29,796**	30,548
Pension costs	**29,121**	30,004
Agency & Freelance staff	**5,638**	8,832
	388,832	390,638

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

	Average headcount	
	2022 **No.**	2021 No.
Administration/ management	**5**	5
Inspection	**2**	2
Accreditation	**2**	2
	9	9

The number of employees who earned £60,000 per annum or more (including taxable benefits but excluding employer pension contributions) during the year was as follows:

	2022 **No.**	2021 No.
£70,001 - £80,000	**-**	1

The staff member in the previous year in the £70,001 to £80,000 bracket, has reduced their contracted hours in the current year and total remuneration was below £60,000.

8 Intangible fixed assets

	Software Licenses £	**Total** **£**
Cost		
At 1 September 2021	-	**-**
Additions	19,228	**19,228**
At 31 August 2022	19,228	**19,228**
Amortisation		
At 1 September 2021	-	**-**
Charge for the year	320	**320**
At 31 August 2022	320	**320**
Net book value		
At 31 August 2022	18,908	**18,908**
At 31 August 2021	-	**-**

9 Tangible fixed assets

	Computer equipment and office furniture £	Fixtures and fittings £	**Total £**
Cost			
At 1 September 2021	72,600	16,209	**88,809**
Additions	3,999	-	**3,999**
At 31 August 2022	76,599	16,209	**92,808**
Depreciation			
At 1 September 2021	66,097	2,161	**68,258**
Charge for the year	4,407	3,733	**8,139**
At 31 August 2022	70,504	5,894	**76,398**
Net book value			
At 31 August 2022	6,095	10,315	**16,410**
At 31 August 2021	6,503	14,047	**20,550**

10 Fixed assets investments

	2022 £	2021 £
Market value		
At 1 September 2021	**1,139,498**	1,105,131
Additions at cost	**1,037,305**	140,775
Disposal at opening market value (proceeds £1,030,610; loss £62,596)	**(1,093,206)**	(266,279)
Net unrealised gain	**28,303**	159,871
At 31 August 2022	**1,111,900**	1,139,498
Cash held within listed investments	**51,480**	136,555
	1,163,380	1,276,053
Cost		
At 31 August 2022	**1,135,593**	984,192
At 31 August 2021	**984,192**	924,968

	Total 2022 £
Unrealised gains included above on listed investments (see below)	**27,787**
Reconciliation of movements in unrealised gains on investments	
Unrealised gains at 1 September 2021	**292,496**
Net realised gains and losses in the year	**(293,012)**
Net unrealised gains in the year	**28,303**
Unrealised gains at 31 August 2022	**27,787**

10 *Fixed assets investments (continued)*

The following holdings comprised a material holding when compared to the value of the total listed investment portfolio at 31 August 2022:

	Market Value £	%
IFSL CAF Alternative Strategies Acc	203,821	17.52%
Aberdeen Standard Liquidity Fund Sterling GBP	114,987	9.88%
Aberdeen Standard Offshore Sterling Fixed Interest Fund	66,884	5.75%

Listed investments at 31 August 2022 comprised the following:

	2022 £	2021 £
Alternative Strategies	323,339	437,148
Overseas Equities	396,607	494,560
U.K Equities	147,746	207,791
U.K Fixed Interest	244,208	—
	1,111,900	1,139,499
Capital Cash Account	51,480	136,555
	1,163,380	1,276,053

11 Debtors: amounts falling due after one year

	2022 No.	2021 No.
Other Debtors	**11,942**	-
	11,942	-

Other debtors consist of a repayable deposit paid to secure the leasehold contract for the new head office premises.

12 Debtors: amounts falling due within one year

	2022 £	2021 £
Charitable activity debtors	**19,207**	7,791
Prepayments and accrued income	**14,766**	13,699
	33,973	21,490

Notes to the financial activities Year to 31 August 2022

13 (a) Creditors: amounts falling due within one year

	2022 £	2021 £
Charitable activity creditors	**26,424**	5,615
Social security and other taxes	**9,031**	9,430
Accruals	**32,063**	30,773
Deferred income	**297,044**	204,554
Other creditors	**1,661**	1,016
	366,223	251,388

Deferred income relates to inspection fees received in advance of inspections taking place and accreditation fees paid in advance for the next academic year, Movements on deferred income are shown below:

	2022 £
Deferred income at 1 September 2021	**204,554**
Resources released in the year	**(204,554)**
Resources deferred in the year	**297,044**
Deferred income at 31 August 2022	**297,044**

13 (b) Creditors: amounts falling due after one year

	2022 £	2021 £
Provisions	**15,552**	9,310
	15,552	9,310

The trustees have acknowledged its responsibility to uphold and enhance professional standards in the field of Higher and Further Education at an international level. To fulfil this constructive obligation to its stakeholders, it has decided to remain a member of ENQA, an organization that conducts a review of its members every five years at a cost of approximately £36,000. The cost of the review is provisioned for equally over the preceding 5 years.

14 Designated funds

	Sep-21	New designations	Utilised / Released	Sep-22
	£	£	£	£
Internal Capabilities	-	75,000	**(19,229)**	55,771
	-	75,000	**(19,229)**	55,771

The board have set aside funds for various projects internal development and marketing activities, with the aim of improving the efficiency of operations and furthering the charity's increase the profile with a larger number of organisations.

The funds are expected to be utilised within a time frame of 2 years from the reporting date.

15 Fixed asset fund

	Total £
At 1 September 2021	**20,550**
Net movements in year	**14,768**
At 31 August 2022	**35,318**

The fixed assets fund represents the net book value of the charity's fixed assets. The fund recognises the fact that the assets are required for the day-to-day operation of the charity and are not available for other purposes or as a general reserve.

16 Related party transactions

Dr Esther Huertas is on the council of trustees for BAC and European Network for Quality Assurance in Higher Education (ENQA). The BAC are a registered member association of ENQA and makes annual payments for membership, the BAC is also required to take part in several engagement activities with ENQA and is subject to interim inspections, in the current year expenditure of £19,644 has been recognised in relation these activities. (2021: £4,041)

Separately a provision has also been recognised for the BAC's constructive obligation to its stakeholders to undergo a membership review every 5 years (note: 13 (b)), in the current year a movement of £6,242 has been recognised (2021: £6,032) and carried forward balance for the provision at year-end of £15,552 (2021: £9,310). There are no other outstanding balances at the end of the year.

Council of Validating Universities has a secretariat agreement with the BAC, as a result of this relationship Dr Janet Bohrer has been appointed as secretary of CVU, the reason for this is so she may carry out the obligations agreed between CVU and BAC, only when instructed by the council members of CVU. The total income received by the BAC is £28,000 (2021: £18,644), There are no outstanding debts due at the end of the year.

Other than as set out above and in note 6, there were no other transactions between the charity and any of its related parties.

17 Ultimate controlling party

The charity is under the ultimate control of the Council members.

18 Financial commitments

At 31 August 2022 the charity had total commitments under non-cancellable operating leases as follows:

	2022 Land and buildings £	2021 Land and buildings £
Operating lease payable		
Within one year	**42,373**	42,373
Between 2 to 5 years	**55,840**	98,213

BAC Annual Report 2021-22

Final Audit Report 2023-02-16

Created:	2023-02-15
By:	Lucy Fox (lucy.fox@the-bac.org)
Status:	Signed
Transaction ID:	CBJCHBCAABAAhBIGUwgTdtTYhGgoLySygakWB41PTyio

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British Accreditation Council for Independent Further and Higher Education

Annual Report and Financial Statements

31 August 2022

Company Registration Number
01828990 (England and Wales)

Charity Registration Number
326652

BRITISH ACCREDITATION COUNCIL

http://www.the-bac.org/

Reference and administrative details

Members of the Council	Dominic Scott OBE (Chairman – retired 30 August 2022) Prof Phil Cardew (Chairman – appointed 1 September 2022) Prof David Law (Deputy Chair) Dr Stephen Jackson (Honorary Treasurer) Marc Griffith Dr Esther Huertas Hidalgo Dr Anthony Manning Kevin Everett Prof. Mary Bishop Dr. Victoria Stec Md. Mahbubal Alam (Student member) Dr. Nicola Mellor
Company Secretary	Dr Janet Bohrer
Registered office	First Floor Wax Chandlers Hall 6 Gresham Street London EC2V 7AD
Company registration number	01828990 (England and Wales)
Charity registration number	326652
Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL
Solicitor	Bates Wells and Braithwaite London LLP 10 Queen Street Place London EC4R 1BE
Banker	CAF Bank 25 Kings Hill Avenue West Malling Kent ME19 4JQ
Investment manager	Aberdeen Standard Capital 1 George Street Edinburgh EH2 2LL
Key Management Personnel	Dr Janet Bohrer (Chief Executive) Diana Morriss (Chief Inspector)

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Report of the Council Year to 31 August 2022

The members of the Council present their annual report together with the audited financial statements of the British Accreditation Council for Independent Further and Higher Education ('British Accreditation Council' or 'BAC') for the year ended 31 August 2022.

The financial statements have been prepared in accordance with the accounting policies set out on page 24 to 27 therein and comply with the charitable company's Memorandum and Articles of Association, applicable laws and the requirements of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102).

This report has been prepared in accordance with Part 8 of the Charities Act 2011 and constitutes a directors' report for the purposes of company legislation.

Structure, governance and management

The British Accreditation Council was incorporated on 29 June 1984 (Company No 1828990) and registered as a UK charity on 28 August 1984 (Charity No 326652). It is limited by guarantee without share capital. The liability of the members is limited to £10 each and accumulated funds are not distributable to the members.

The governing instrument under which the Company operates is its Memorandum and Articles of Association. Amended Articles of Association were approved by the charity on 19 October 2017 and 2 April 2018 by special resolution. The Articles of Association were reviewed in April 2021 and were considered fit-for-purpose.

The directors are treated as trustees for Charities Act purposes.

Members of the Council

The members of the Council are the Board of Trustees. The trustees who served during the year, and up to the date of approval of this report, are shown in the reference and administrative details at the front of this report.

The Articles of Association provide for a maximum of twelve directors. The trustees may appoint any director as a member of the Board of Trustees. The chair and deputy chair are appointed by the Board.

One member of Council resigned during this financial year.

Induction and training of Council members

At the recruitment stage potential Council members are given extensive information about the organisation and are fully informed of the purpose and charitable objectives of BAC. Potential trustees are then invited to meet with the Standing Committee to discuss the challenges facing the organisation and their potential contribution to the charity. Following appointment and ratification by Council, induction meetings are organised for new members of Council and Accreditation Committee as appropriate.

Structure, governance and management *(continued)*
Statement of Council's responsibilities

The Council members (who are also trustees and directors of the British Accreditation Council for Independent Further and Higher Education for the purposes of company law) are responsible for preparing the annual 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 Council members to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the income and expenditure of the charitable company for that period.

In preparing these financial statements, the Council members are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable to the United Kingdom and Republic of Ireland (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

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

Each of the Council members confirms that:

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

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

Structure, governance and management *(continued)*
Statement of Council's responsibilities *(continued)*

The Council members 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.

Governance

The governance structure consists of the Council, which is formed of the trustees, and acts as the Board of Directors. The Council meets three times a year.

The Chair of the Council is Prof Phil Cardew, appointed 1 September 2022, who replaced Dominic Scott OBE.

The Council has three sub-committees. The Audit Committee provides financial and regulatory oversight. The Standing Committee meets between Council meetings to provide continuity and support the charity. The Standing Committee has, as members, the Chair of the Council, the Deputy Chair of the Council and the Honorary Treasurer. Duties of Nominations and Governance are discharged by the Standing Committee.

The responsibility for decisions on accreditation is overseen by the Accreditation Committee (AC). The AC is appointed by the Council and consists of members appointed by virtue of their experience and expertise with regard to educational standards. Dr Anthony Manning is the Chair of the Accreditation Committee. The Accreditation Committee receives the reports of completed inspections and takes decisions on the award or withdrawal of accreditation, making its recommendations based on BAC's accreditation policy and procedures. It also regularly reviews the quality assurance criteria used by inspectors in making judgements and recommendations. The Committee had six meetings and three sub-committees this year.

Key management personnel

In the period of review, Council members consider that they, together with the Chief Executive, and the senior management team comprise the key management personnel of the charity. None of the Council members receive any remuneration from the charity in connection with their role as Council members.

There was a pay review for the CEO and BAC staff in the year. All staff including the CEO received a 5% increase in salary which was applicable from 1 September 2022.

Other transactions with members of the Council are disclosed in note 6.

Public benefit

The Council members have taken into regard the Charity Commission's guidance on public benefit and that all the Council's activities are directed to fulfilling its charitable objects of the improvement and maintenance of standards in independent further and higher education and training and that in doing so it is working for the public benefit. Some of these benefits are given below:

Structure, governance and management *(continued)*
Public benefit *(continued)*

- The BAC accreditation mark provides students and potential students with an indication of quality.
- BAC inspections supports the HM Government to protect the reputation of further and higher education and training in the UK by providing independent judgments, made on the basis of inspection by qualified and experienced inspectors, of the quality of provision of private institutions of further and higher education and training.
- The information, marketing and promotional work undertaken ensures that international students, agents and the education sector as a whole are aware of the range of institutions and courses available.
- Training events and seminars assist in the professional development of staff and institutions, thereby improving the quality of provision.
- The advice and support offered to institutions through informal and formal avenues provide them with guidance regarding good and best practice, thus helping to raise standards of provision.
- The complaints procedure provides students with a free and accessible means of resolving disputes with accredited institutions.

Fundraising statement
The charity does not actively undertake fundraising activities and does not employ the services of Professional Fundraisers. During 2021/22, the charity received no complaints about fundraising activities.

Objectives and activities
The British Accreditation Council for Independent Further and Higher Education is registered for charitable purposes and its objects are:

- providing a system of accreditation for educational and training institutions in order to promote public confidence in such institutions and their programmes of study; and
- assisting in the improvement and maintenance of the standards of accredited institutions through the offer of advisory and consultancy services principally in the field of further and higher education.

Report of the Council Year to 31 August 2022

Achievement and performance

Accreditation and inspection activity

The table below gives details of the applications received, inspections carried out and awards of accreditation in the period September 2021 to August 2022 and compares these with the figures from the previous year.

	September 2021 to August 2022	**September 2020 to August 2021**
New institutions awarded accreditation – UK	13	13
New institutions awarded accreditation – international	3	1
Total number of accredited institutions	198	213
Withdrawals	27	24
International accredited institutions	35	34
Applications received from new institutions	21	14
Inspections conducted	69	93

BAC's objectives 2021-22: Progress made

With regard to BAC's objectives for 2021/22 the following progress has been made:

A new strategic plan for the following five years was developed. This was approved by Council in February 2022 and published and shared with stakeholders in March 2022.

Objectives	**Progress**
BAC will **invest in growth** by expanding products and services to add value to current accredited providers and to attract a wider range of new providers	• We published a new 5-year strategy in February 2022 with an accompanying internal action plan that includes detailed objectives, milestones, KPIs and timelines. • We updated the Risk Register in June 2022 and have improved the way we monitor risks through the Audit Committee. We introduced a new risk matrix that gives extra emphasis to impact when assessing risk. We have also strengthened our approach to monitoring of risks for the organisation and as such the Audit Committee has a standing agenda item for every meeting to review a dashboard of risks and a paper focusing on a specific area, as appropriate. • The Standards Review project was completed and we now have a published Common Quality Framework. This is an overarching framework used to clearly articulate what it means to be BAC accredited across all our accreditation schemes. This was launched and published in September 2022. • We are reviewing all our accreditation schemes in 2022-2023. The work for this started in the summer 2022 which allowed for a plan and timeline to be published in September 2022.

	• We have embedded our governance quality cycle by completing full reviews of all Terms of Reference for Council and committees and added a standing agenda item for review at the start of each year for all. We received a Crystal Mark for clarity for these documents and published them on the website. • We drew down funds from investments to spend on growth activities and added a standing agenda item for Audit Committee to review and monitor this Development Fund separately to usual operational spending. • We developed a new accreditation scheme for providers of micro-credentials and launched a pilot in October until end of January 2023. We held an online event to give details about the scheme and answer questions. • Work has started on a pilot of a liaison initiative for accredited providers.
BAC will continue to promote and be active in the quality assurance **Community**	• Our Annual Stakeholder Event took place in April 2022. It was a hybrid event involving external speakers as well as updates about BAC and a Q&A with senior staff and trustees. • The BAC webinar series continued with good attendance from providers. • We organised more developmental workshops, giving participants the possibility to engage with peers, share experiences, explore options and determine priorities for the future. The workshops, facilitated by an independent quality assurance expert, were offered free of charge to BAC-accredited providers and provided an inclusive environment for ideas to be exchanged and options to be considered: o Navigating out of the pandemic: Debating Options. Sharing Directions (10 December 2021) o Micro-credentials: Promoting Modular, Portable, Stackable, Flexible Lifelong Learning (1 April 2022) • As part of our aim to more actively engage with ENQA activities, BAC chaired the ENQA working group on External quality assurance of micro-credentials. The dissemination event took place online on 27 September 2022. It was a great success with over 200 attendees. Professor Anca Greere chaired the group on BAC's behalf and we were very pleased to have the opportunity to present a case study for our Pilot Micro-credentials scheme. • Two members of staff attended a 2-day ENQA event, held in Cologne, for recently reviewed agencies.
BAC will continue to **Grow and Diversify** especially Global and European activities	• We have made contact at national and regional level, building on successful inspections. Meetings have taken place or are planned in South Africa and Nepal. • We are developing a plan for growth and working to further identify regions and countries to target. • We have decided to invest in a six-month contract with a consultancy company to actively pursue work internationally and that is planned to start in 2023.

BAC will actively engage in the development of its **Ethical responsibilities**	• A review of our investments took place. • We have changed to a directly invested investment portfolio with more transparency, flexibility, and the option to choose specific ethical screens. Our Investment Manager facilitated a workshop on 8 March 2022 for Council members to review and choose the ethical screens to apply to the proposed new portfolio and they were approved by Standing Committee and Audit Committee at a 'deep dive' exercise on 17 March 2022. • We are committed to reviewing our policies and working practices and started with a review of employment documents including the Employee Handbook and all staff contracts. These were updated in line with changes in legislation (with HR support service Worknest). No changes have been made to individual staff's terms and conditions. A salary review also took place in April 2022, where the Remuneration Committee benchmarked salaries according to job role. The Committee looked at Charity and Higher Education sector salaries for comparison. The contracts and salary changes came into effect on 1 September 2022 at the same time as the annual increase to salaries. The Health and Safety Policy and Privacy Notice have also been updated. • Since the move to a new office in 2020, we have donated furniture that we no longer use to charitable causes. We worked with a company who collected and distributed the furniture and it had the following impact: o 26 items/932kg diverted from landfill o An in-kind donation of £4,130 donated to the community o 1,167kg of CO2e avoided
BAC will continue to develop good practice in its use of **integrated use of the data and information** collected from BAC inspections and other work	• We have completed the purchase of a CRM system and are in the implementation phase. The CRM will help with our development of more detailed financial information to help with financial forecasting, make inspection and accreditation fees more transparent and prepare for growth.

Risk management

The Council members have a duty to identify and review the risks to which the charity is exposed and to ensure appropriate controls are in place to provide reasonable assurance against fraud and error. The Council members delegate ongoing oversight to the Audit Committee for annual review to Council or reporting by exception. The Audit committee meet regularly where risk mitigation activities and emerging risks are reviewed. The members of Audit Committee are satisfied with the measures employed to assess and address identified risks.

We updated the Risk Register in June 2022. We introduced a new risk matrix that gives extra emphasis to impact when assessing risk. We have also strengthened our approach to monitoring of risks for the organisation and as such the Audit Committee has a standing agenda item for every meeting to review a dashboard of risks and a paper focusing on a specific area, as appropriate.

Identified Risk	**Mitigating Actions**
Reputational damage arising out of inappropriate activity or behaviour	BAC has embedded integrity and transparency across all activities; All BAC representatives are DBS checked when working with under 18s; BAC has produced clear inspection guidelines and conducts monitoring inspections to ensure they are adhered to; The Bribery and Anti-Corruption policy is strictly enforced and monitored; There are plans to provide workshops for trustees and staff on governance topics; BAC has the necessary legal insurance requirements and professional indemnity cover to provide financial support in the event BAC is accused of acting inappropriately.
Financial loss arising out of financial impropriety	BAC maintains a large financial reserve equivalent to 18 months of operating costs; BAC has extensive and transparent financial controls and by choice undergoes an external audit each year despite being below the audit threshold; BAC has independent auditors who have a reputation for independence and rigour; There is a division of responsibility between staff who deal with banking protocols and finances. BAC's external auditor makes recommendations on internal control that arise out of the external audit and with reference to sector best practice; Funds drawn down for the Development Fund are managed separately. The use/spending of the Development Fund will be overseen by the Audit Committee; The new investment portfolio has increased visibility in terms of where funds are invested as well as ethical screens and changes to investments can be made quickly through the investment manager.
Change in government student visa regime	BAC has developed a range of value-added products including webinars and the Marketing Pack to attract and retain providers and reducing susceptibility to withdraw in the extreme event of BAC being removed from the list of UK government approved accrediting bodies;

	BAC has significantly increased due diligence in accepting new and reaccreditation applications and developed and implemented a more rigorous inspection process in order to build and maintain confidence in the inspection and accreditation process; We are diversifying income streams to reduce reliance on the UK market and limit the impact of an unexpected change in government policy; We have a direct contact at the Home Office.
Competition increases in the quality assurance arena	BAC conducts regular reviews of BAC processes to ensure they meet the needs of external stakeholders; BAC continues to develop products and processes to ensure they remain world leading in terms of quality assurance; We are working to improve the BAC profile in all markets in which we operate; We have built and continue to build and develop links with stakeholders through webinars, news updates and the Provider Journey; We maintain strict cost controls to allow competitive prices to be offered to existing and new providers; We are increasing investment in developing and promoting BAC across all markets.
Loss of ENQA Membership	A designated member of staff has key responsibilities relating to ENQA oversight and reports directly to the Standing Committee on ENQA compliance. We give relevant members of staff the necessary time and resources to attend ENQA events and to keep up to date with ENQA membership requirements. The whole staff team is made aware of any specific activity relating to ENQA compliance and they take collective responsibility for providing information and evidence as and when necessary. We review BAC procedures to make sure they are ENQA compliant on a regular basis. We have had a positive response to our interim progress report, no major causes for concern raised.
Loss of EQAR Listing	A designated member of staff has key responsibilities relating to EQAR oversight and reports directly to the Standing Committee on EQAR compliance. We give relevant members of staff the necessary time and resources to attend EQAR events and to keep up to date with EQAR listing requirements. The whole staff team is made aware of any specific activity relating to ENQA compliance and they take collective responsibility for providing information and evidence as and when necessary.
Catastrophic infrastructure failure or cyber attack	All data is now backed up offsite. Key IT infrastructure is now in the Cloud with greater security and multiple backup processes.

	Financial information is now held in the Cloud via Xero and is considered to be as secure as is feasibly possible for an organisation of BAC's size. In the event of damage to or no access to premises, BAC telephone services have been rerouted to temporary accommodation. The policy is for staff not to leave their laptops in the office overnight so they can work remotely at short notice. We are investigating the addition of Multi Factor Authentication for our devices and systems with our IT support provider.
Significant and prolonged downturn in stock markets negatively impacting BAC investments and reducing capital to invest	We take expert advice on management of BAC investments. We have moved the portfolio to direct investments with more transparency and with better annual performance overall compared to the previous portfolio. We have the flexibility to make changes almost immediately. Investment performance is monitored by the Audit Committee.
International Recession	We maintain awareness of leading economic indicators. We maintain close links with the sector to monitor sector feedback We continue to provide added value activities thereby increasing the value of BAC accreditation We continue to communicate the value of accreditation to BAC providers, educators, students and governments
Global economic crisis	Robust banking arrangements and appropriate insurance are in place. We can adapt financial arrangements to support providers such as dormancy criteria, payment plans and postponement of inspections on a case-by-case basis.
Regulatory Framework in the UK changes	We maintain awareness of the political debate. We identify possible outcomes of different scenarios. We review the impact of possible scenarios on a regular basis to monitor the impact on BAC accredited institutions or on the impact on BAC's right to conduct accreditation activities.
National or global pandemic	We continue to develop our digitised processes to ensure remote working online can be applied to all BAC operations. We have introduced flexible working arrangements for staff and can implement full-time home working at short notice. The office arrangements and equipment are suitable for socially distanced working. Key staff undertake relevant Health and Safety training as necessary. We continue to receive Health and Safety and HR support services and advice from Worknest; We have communicated to staff what support there is for wellbeing, there is an updated Employee Handbook, an Employee Assistance Programme

	that offers counselling and a 24hr support line and we have a trained Mental Health First Aider on the team. We can adapt financial arrangements to support providers such as dormancy criteria, payment plans and postponement of inspections on a case-by-case basis.
War in Ukraine	We do not currently work with any providers who are based in Ukraine. We maintain awareness of ENQA messaging and the industry impact and response to the war.
Post-Brexit UK visa/border rules change	We will ensure we provide invitation letters to international visitors coming to the UK for BAC activities or events.

Future plans

The Strategic Plan 2021-2026 is a five-year plan and detailed objectives and activities are monitored through an internal three-year action plan.

BAC objectives for 2022-23 are as follows:

Objectives	**Proposed actions**
BAC will **invest in growth** by expanding products and services to add value to current accredited providers and to attract a wider range of new providers	• The review of all accreditation schemes will be completed, and the annual cycle of reviews will continue. • The pilot liaison initiative will be completed, and a service introduced based on what we have learnt. • The MC scheme pilot is due to end January 2023 and if successful will be added to our existing suite of schemes and marketed as necessary. • We will update the website and develop a plan for long term improvements • We will develop further support for providers e.g., potential training module
BAC will continue to promote and be active in the quality assurance **Community**	• We will continue our schedule of webinars • The Annual Stakeholder Event will take place on 30 March 2023. • We will look for opportunities to attend conferences and/or contribute papers.
BAC will continue to **Grow and Diversify** especially Global and European activities	• We will define our growth strategy and identify regions and countries to target. • We will hold a deep dive for trustees around international growth and organise and international event. • We will work with a consultancy company to actively pursue work internationally in 2023. • We will continue to build on successful international inspections, developing regional activities and potential working with ministries through free and paid projects.

	• We will continue to develop a portfolio of activities to actively promote BAC.
BAC will actively engage in the development of its **Ethical responsibilities**	• We will calculate our carbon footprint and take steps towards zero carbon emissions. • We will look to implement ways in which we can lead in the promotion of environmental responsibility and being open about our sustainable development goals. • The review of our working practices will continue including updating our Data Protection policies and procedures and business continuity and cyber security plans. • We will continue to review value for money from our suppliers whilst also recognising London Living Wage hourly rates.
BAC will continue to develop good practice in its use of **integrated use of the data and information** collected from BAC inspections and other work	• The implementation of the CRM will be complete, and we will monitor its use and look for further ways it can improve our operations. • We will focus on the report process for inspections and look to process them through using Sharepoint and all information uploaded to an online portal • We will produce thematic reports and use them to influence the direction for development of inspection methodologies as well as themes for enhancement workshops • We will conduct governance reviews as endorsed by Charities Good Practice and as preparation for increased work with a potential growth of activities

Covid-19 Impact on Financial Controls

As with the previous year there has been very little impact to the day-to-day financial controls of the charity.

The Audit committee still believe there is higher level of liquidity risk compared to pre-covid and have continued to hold the increased level of supervision on cash flow till it is deemed this risk has fallen to pre-covid levels.

Covid-19 Impact on Financial Performance

The operational financial performance of the charity has further impacted on the retention numbers of accredited providers, with the longer than expected imposed restrictions accredited providers have made the difficult decision to withdraw from the scheme and in some cases have ceased all activity.

Towards the end of the year, we have seen promising signs that performance of accreditation income will improve in the following year, with increase of new applications for accreditations schemes. Also the number of inspections have also increased, with the lifting of restrictions inspections that could not take place are now moving forward.

Financial review

A summary of the year's results can be found on page 21 of the financial statements. The deficit for the year before gains on investments was £84,699 (2021 – £29,606).

The total income for the year is £620,447, an increase of around £10,000 over the previous year (2021 - £610,331), Given that the current year has been difficult as the organisation feels the effects of global events, this is encouraging.

During the period under review, the Bank of England reported an inflation rate of approximately 10%, which has had a adverse impact on the charity's general operating costs. However, the primary contributor to the increase in the operational deficit, which stands at over £50,000, is the escalation in office lease and premises expenses. The previous year, the charity was able to postpone its office relocation due to the lockdown restrictions and staff working from home resulting in saving in that year. However, in the current year, as operations have resumed to their pre-covid level of normalcy, the charity has occupied the new premises for the entirety of the year.

The net deficit for the year was (£118,992) after loss on investments of £34,293 the loss in value of the investment portfolio is result the markets response to a number of factors and world events (2021 – surplus for the year was £143,324 after gains on investments of £172,930).

The forecasted year-end deficit prompted the board to take proactive measures to address the situation. To that end, the board has allocated £75,000 in general unrestricted funds with the aim of investing in the organization's capabilities. This includes implementing new operational processes such as custom software, which is expected to drive cost-saving efficiencies for the charity. Additionally, the funds will be used to support growth efforts and explore new opportunities to enhance the organization's visibility and attract new providers to apply for accreditation.

Furthermore, the board has taken additional steps to mitigate the impact of inflation and increased accreditation and inspection fees for the upcoming year by implementing a 5% increase. This measure has been implemented without negative feedback and has not affected provider retention.

Income

Accreditation fees

The income generated from accreditation fees has seen a decline of approximately 17%, with a total of £330,548 in 2022, as compared to £374,157 in 2021. This trend is consistent with the previous year and is primarily attributed to the adverse impact of the COVID-19 pandemic on the income of providers, as well as the effect of inflation. As a result of these factors, many providers have had to implement cost-saving measures by withdrawing from accreditation programs, and some have been forced to discontinue operations altogether.

It is believed that most providers that have been substantially affected by global events have already withdrawn, and the number of withdrawals is expected to decrease in the future. Additionally, there are indications of renewed interest in the BAC accreditation schemes, as there has been a 33% increase in new applications from providers over the previous year. This is expected to help improve accreditation fee income and replace the withdrawn organizations moving forward.

Financial review*(continued)*
Income*(continued)*
Inspection Fees

Inspection fee income has increased in the year by 24% to £253,231 (2021: - 5%, £203,471), even though the total number of inspections has dropped. The scope of inspections in the current year have been much larger, as inspectors have been able to carry out onsite inspections of larger organisations who had their inspections delayed in previous years and clear up the backlog.

Other Income

The performance of our fixed asset investment portfolio has been below expectations, resulting in a net loss of £34,293 during the period under review. This is attributed to the impact of global events on financial markets. The Audit Committee remains vigilant in its oversight of investment performance, given the ongoing instability in financial markets.

Expenditure

Charitable Activities

Direct expenditure includes the cost of conducting inspections of accredited organisations and offering workshops to providers on a range of issues. Expenditure is directly correlated with the inspection activity, which is influenced by the numbers and scope of inspections taken place in the year, direct expenditure has increased by circa 40% as predicted in the previous year. Organisations affected by the pandemic have been in a position to recommence operations which has meant inspections can be arranged to clear the backlog of delayed inspections 2022 – £157,458 (2021 – £112,092).

Staff Costs and Running Costs

The total costs associated with staffing have decreased in 2022 £388,832 (2021 - £390,189).

Running costs and other support costs have increased by 18% for the year, 2022 - £157,208 (2021 - £133,299). This increase in expenditure was expected as the charity has relocated to a new office and leased the office for a full year. The impact of increased expenditure has been decreased with savings related to reduced legal fees in the current year.

Investment policy

The value of BAC's investments holding is a mixture of equities, fixed income and cash held for investment purposes, the market value at the reporting date stands at £1,163,380 in 2022 (2021 - £1,276,053). BAC's investments were held in a managed investment portfolio by Aberdeen Standard Capital (Charities Aid Foundation Managed Portfolio Service – Progressive Capital Growth Account).

The investment policy aims to generate capital growth over the medium to long term, without exposing BAC to the risks and volatility associated with a wholly equity focused portfolio. The Council members are satisfied with the performance of the investment portfolio during the year.

The charity also has cash at bank and in hand of £260,068 (2021 – £184,503). The liquidity risk is managed by maintaining a balance between the continuity of funding and flexibility of access to funds.

Reserves policy

The trustee members consider that free reserves of the charity should represent at least six months' expenditure, equating to approximately £450,000, to ensure that the organisation can cope with all financial commitments without recourse to borrowing.

The free reserves on 31 August 2022 were £1,031,817 (2021 – £1,221,348) which exceeds the target level of reserves stated in the reserves policy. However, the Council members consider it appropriate to hold reserves in excess of the target, in consideration of the strategic objectives to be achieved and forecasted financial position over the short, medium, and long term along with the consequences of the pandemic, and the reserves policy reflects only the minimum level of free reserves required.

The Council will proactively assess the need for measures to mitigate the potential loss of funding resulting from providers unable to continue operations in the coming year. While it is possible that the effects of this may have a secondary impact on BAC, the Council will remain vigilant in monitoring the situation and have not deemed it necessary to utilise any more reserves than already approved in the current year.

Going Concern

The Trustees are required to confirm that it is appropriate for the BAC to adopt the going concern principle in preparing its accounts. Based on the viability review and taking into consideration the BAC closing reserves and strong cash position, the Trustees of the British Accreditation Council have reasonable expectation that the charity will continue to operate for the 12 months from the signature of this report.

As such the Trustees of the BAC continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Approved by the Council on 9 February 2023 and signed on its behalf by:

[Stephen Jackson]
Stephen Jackson (Feb 16, 2023 09:02 GMT)

Independent Auditor's Report Year to 31 August 2022

Independent auditor's report to the members of British Accreditation Council

Opinion

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

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2022 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusion relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Annual Report and Financial Statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the trustees' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the trustees' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the trustees' report and from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

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

- the Senior Statutory Auditor ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations; and

- we obtained an understanding of the legal and regulatory frameworks that are applicable to the charitable company and determined that the most significant frameworks which are directly relevant to specific assertions in the financial statements are those that relate to the reporting framework (Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), Companies Act, and the Charities Act) as well as data protection and safeguarding regulations.

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

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

- making enquiries of management as to their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

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

- performed analytical procedures to identify any unusual or unexpected relationships.
- carried out substantive testing of expenditure including the authorisation thereof.
- reviewed journal entries to identify unusual transactions and substantiated these where appropriate; and
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias.

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

- review of the minutes of meetings of those charged with governance; and
- enquiring of management as to actual and potential litigation and claims.

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

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

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

Independent Auditor's Report Year to 31 August 2022

Use of our report

This report is made solely to the charitable company's member, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's member those matters we are required to state to it 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 member, for our audit work, for this report, or for the opinions we have formed.

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

Date: 3 March 2023

Statement of financial activities (including income and expenditure account) Year to 31 August 2022

	Notes	**Total 2022 £**	Total 2021 £
Income from:			
Charitable activities			
. Accreditation and inspection fees	1	**620,379**	610,313
Investments	2	**68**	18
Total income		**620,447**	610,331
Expenditure on:			
Raising funds		**3,380**	2,007
Charitable activities			
. Accreditation and inspection		**701,766**	637,930
Total expenditure	3	**705,146**	639,937
Net expenditure before gains on investments		**(84,699)**	(29,606)
(Losses)/gains on investments	10	**(34,293)**	172,930
Net (expenditure)/income and net movement in funds		**(118,992)**	143,324
Reconciliation of funds			
Total funds brought forward		**1,241,898**	1,098,574
Total funds carried forward		**1,122,906**	1,241,898

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

The charity has no recognised gains or losses other than those shown above.

Balance sheet 31 August 2022

	Notes	2022 £	2022 £	2021 £	2021 £
Fixed assets					
Intangible fixed assets	8	**18,908**		—	
Tangible fixed assets	9	**16,410**		20,550	
Debtors	11	**11,942**		—	
Investments	10	**1,163,380**		1,276,053	
			1,210,640		1,296,603
Current assets					
Debtors	12	**33,973**		21,490	
Cash at bank and in hand		**260,068**		184,503	
		294,041		205,993	
Creditors: amounts falling due within one year	13(a)	**(366,223)**		(251,388)	
Net current liabilities			**(72,182)**		(45,395)
Creditors: amounts falling due after one year	13(b)		**(15,552)**		(9,310)
Total net assets			**1,122,906**		1,241,898
The funds of the charity					
Unrestricted funds					
. General funds			**1,031,817**		1,221,348
. Designated funds	14		**55,771**		—
. Fixed asset fund	15		**35,318**		20,550
Total funds			**1,122,906**		1,241,898

The financial statements were approved by the Council and were signed on its behalf by:

Stephen Jackson Stephen Jackson

Stephen Jackson (Feb 16, 2023 09:02 GMT)

Date: [Feb 16, 2023]

Company Registration Number 01828990 (England and Wales)

Statement of cash flows Year to 31 August 2022

	Notes	2022 £	2021 £
Cash flows from operating activities:			
Net cash used in operating activities	A	**20,344**	(37,201)
Cash flows from investing activities:			
Purchase of intangible fixed assets		**(19,228)**	—
Purchase of tangible fixed assets		**(3,999)**	(16,208)
Investment income received		**68**	18
Proceeds from sale of investments		**1,115,685**	277,330
Purchase of investments		**(1,037,305)**	(277,331)
Net cash used in investing activities		**55,221**	(16,191)
Change in cash and cash equivalents in the year		**75,565**	(53,392)
Cash and cash equivalents at 1 September 2021	B	**184,503**	237,895
Cash and cash equivalents at 31 August 2022	B	**260,068**	184,503

Notes to the statement of cash flows for the year to 31 August 2022

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

	2022 £	2021 £
Net movement in funds (as per the statement of financial activities)	**(118,992)**	143,324
Adjustments for:		
Amortisation charge	**320**	—
Depreciation charge	**8,139**	7,184
Net losses/(gains) on investments	**34,293**	(170,923)
(Increase)/decrease in debtors	**(24,425)**	60,016
Decrease/(increase) in creditors	**121,077**	(76,784)
Investment income receivable	**(68)**	(18)
Net cash used in operating activities	**20,344**	(37,201)

B Analysis of cash and cash equivalents

	2022 £	2021 £
Total cash and cash equivalents: Cash at bank and in hand	**260,068**	184,503

C Analysis of changes in net debt

	At 1 September 2021	Cash flows	**At 31 August 2022**
Cash at bank and in hand	184,503	75,565	**260,068**
Total	184,503	75,565	**260,068**

Principal accounting policies Year to 31 August 2022

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

Basis of preparation
These financial statements have been prepared for the year to 31 August 2022 and are presented in sterling rounded to the nearest pound.

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

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

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

Critical accounting estimates and areas of judgement
Preparation of the financial statements requires the Council members and management to make significant judgements and estimates.

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

- estimating the useful economic life of tangible fixed assets.
- estimating the useful economic life of intangible fixed assets.

Assessment of going concern
The Council members have assessed whether the use of the going concern assumption is appropriate in preparing these financial statements. The Council members have made this assessment in respect to a period of one year from the date of approval of these financial statements.

The Council members of the charity have concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the charity to continue as a going concern. In making this assessment the trustees have considered the impact of longer-term impacts of covid 19 and world events. In response, the charity has taken steps to ensure that there are sufficient levels of cash available as outlined in the trustees' report. Despite the fact that the charity has net current liabilities of £72,182 on 31 August 2022 (2021 – net current liabilities of £45,395), the Council members are of the opinion that the charity will have sufficient resources to meet its liabilities as they fall due.

The net current liabilities position is due to advanced payments received for 2022/23 annual accreditation fees and Inspections planned to take place in the next financial year.

Assessment of going concern*(continued)*

The most significant areas of judgement that affect items in the financial statements are detailed above. With regard to the next accounting period, the year ending 31 August 2023, the most significant areas that affect the carrying value of the assets held by the charity are the level of investment return and the performance of the investment markets (see the investment policy of the Report of the Council for more information).

Income recognition

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

Income comprises fees from inspections and accreditations, consultancy contracts, investment income and grants.

Accreditation and inspection fees are recognised when they have been earned. For inspection fees, entitlement is measured with reference to the date that the inspection takes place.

Income of a contractual nature is recognised to the extent that it is probable that the economic benefits will flow to the charitable company and the revenue can be reliably measured. It is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value-added tax and other sales taxes.

Dividends are recognised once the dividend has been declared and notification has been received of the dividend due. Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charitable company; this is normally upon notification of the interest paid or payable by the bank.

Donations and grants are recognised on a receivable basis (where there are no performance-related conditions) where the receipt is probable, and the amount can be reliably measured.

Expenditure recognition

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

Expenditure is classified under headings that aggregate all costs related to the category. Where costs cannot be directly attributed to particular headings, they have been allocated to activities on a basis consistent with the use of resources.

Governance costs, comprising the costs involved in the public accountability of the charity (including audit costs) and costs in respect to its compliance with regulation and good practice, are allocated to the cost of charitable activities.

Intangible fixed assets

Intangible assets comprise purchased computer software licences and any costs directly attributable to bringing the licences into use, such as configuration or implementation costs.

The costs of bespoke systems developed by the British Accreditation Council are capitalised where all the criteria in FRS 102 are met. Intangible assets are capitalised where expenditure of £3,000 or more is incurred.

Intangible assets are included initially at cost, Intangible assets are amortised on a straight-line basis over the period of the related licence, or the period over which the British Accreditation Council anticipates using the asset over its useful life. Amortisation charges are included in expenditure on charitable activities, as either direct costs or support costs, according to the activity that the underlying asset is used to deliver.

Tangible fixed assets

Items are capitalised where the purchase price exceeds £250. Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Computer equipment and office furniture	33% on cost
Fixtures and fittings	Straight line basis over the lease term (44 months).

Fixed asset investments

Fixed asset investments consist of listed investments.

Listed 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.

The main form of financial risk faced by the charity is that of fluctuations in equity and investment markets due to wider economic conditions, the attitude of investors to investment risk, and changes in sentiment concerning equities within particular sectors or sub sectors.

Realised gains (or losses) on investment assets are calculated as the difference between disposal proceeds and their opening carrying value, or their purchase value if acquired subsequent to the first day of the financial year. Unrealised gains and losses are calculated as the difference between the fair value at the year end and their carrying value at that date. Realised and unrealised investment gains (or losses) are combined in the statement of financial activities and are credited (or debited) in the year in which they arise.

Debtors

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

Cash at bank and in hand

Cash at bank and in hand represents such accounts and instruments that are available on demand or have a maturity of less than three months from the date of acquisition. Deposits for more than three months but less than one year have been disclosed as short-term deposits.

Principal accounting policies Year to 31 August 2022

Creditors and provisions

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

Taxation

The British Accreditation Council is a registered charity and therefore is not liable to income tax or corporation tax on income derived from its charitable activities, as it falls within various exemptions available to registered charities.

Fund accounting

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the Council members. Designated funds which are set aside at the discretion of the Trustees for a specific purpose, or where funds are effectively constrained by their application in operational fixed assets.

The fixed asset fund represents the net book value of the fixtures, fittings, office furniture, computer equipment of the charity and intangible assets referring to software licenses. Such assets are vital to the charity being able to carry out its work and the value invested in the assets cannot, therefore, be realised in order to meet future expenditure or liabilities. To emphasise this point, the net book value of the assets is represented by a specific fixed asset fund on the balance sheet.

The trustees have designated funds of 75,000 in the current year for the purpose and any application of designated funds are set out in note 14 to the accounts.

Pension costs and other post-retirement benefits

The charity operates a defined contribution pension scheme. Contributions payable to the charity's pension scheme are charged to the statement of financial activities in the period to which they relate.

Notes to the financial activities Year to 31 August 2022

1 Income from charitable activities – Accreditation and inspection fees

	2022 £	2021 £
Accreditation Fees UK	**330,548**	374,157
Inspection Fees UK	**253,231**	203,471
Application Fees	**8,600**	7,500
Other Fees	**28,000**	25,185
	620,379	610,313

2 Investment income

	2022 £	2021 £
Interest receivable	**68**	18

3 Expenditure on:

		Support costs				
	Direct costs £	Running costs £	Finance £	Staff costs £	**2022 Total £**	2021 Total £
Raising funds						
. Investment manager fees	3,380	—	—	—	**3,380**	2,007
Accreditation and inspection:						
. Accreditation and inspection delivery	152,578	140,858	968	388,832	**683,236**	599,907
. Bad debts	2,180	—	—	—	**2,180**	1,291
. Governance (note 4)	—	16,350	—	—	**16,350**	36,732
	158,138	157,208	968	388,832	**705,146**	639,937

		Support costs				
	Direct costs £	*Running costs £*	*Finance £*	*Staff costs £*	*2021 Total £*	*2020 Total £*
Raising funds						
. Investment manager fees	*2,007*	—	—	—	*2,007*	*1,959*
Accreditation and inspection:						
. Accreditation and inspection delivery	*112,092*	*96,567*	*1,059*	*390,189*	*599,907*	*744,974*
. Bad debts	*1,291*	—	—	—	*1,291*	*6,009*
. Governance (note 4)	—	*36,732*	—	—	*36,732*	*24,321*
	115,390	*133,299*	*1,059*	*390,189*	*639,937*	*777,263*

4 Governance costs

	2022 £	2021 £
Legal and professional fees	**3,587**	23,052
Accountancy fees	**2,000**	2,000
Auditor's remuneration	**9,703**	11,680
	16,350	36,732

5 Net expenditure

	2022 £	2021 £
Net expenditure is stated after charging:		
Auditor's remuneration – statutory audit		
. Current year	**9,690**	8,900
. Prior Year	**-**	1,680
Amortisation	**320**	-
Depreciation	**8,139**	7,184

6 Transactions with Council members' and key management personnel

The Council members consider that they, together with the Chief Executive and Chief Inspector, comprise the key management personnel of the charity. The total remuneration of the key management personnel for the year (including taxable benefits and employer's pension and national insurance contributions) was £112,761 (2021 - £143,752).

Council members received no remuneration or other benefits for the year ended 31 August 2022 (2021: £nil).

Expenses were reimbursed to the Council members for out-of-pocket expenses 2022 £467.03 (2021 - £nil).

7 Staff costs

	2022 **£**	2021 £
Wages and salaries	**324,277**	321,254
Social security costs	**29,796**	30,548
Pension costs	**29,121**	30,004
Agency & Freelance staff	**5,638**	8,832
	388,832	390,638

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

	Average headcount	
	2022 **No.**	2021 No.
Administration/ management	**5**	5
Inspection	**2**	2
Accreditation	**2**	2
	9	9

The number of employees who earned £60,000 per annum or more (including taxable benefits but excluding employer pension contributions) during the year was as follows:

	2022 **No.**	2021 No.
£70,001 - £80,000	**-**	1

The staff member in the previous year in the £70,001 to £80,000 bracket, has reduced their contracted hours in the current year and total remuneration was below £60,000.

8 Intangible fixed assets

	Software Licenses £	**Total** **£**
Cost		
At 1 September 2021	-	**-**
Additions	19,228	**19,228**
At 31 August 2022	19,228	**19,228**
Amortisation		
At 1 September 2021	-	**-**
Charge for the year	320	**320**
At 31 August 2022	320	**320**
Net book value		
At 31 August 2022	18,908	**18,908**
At 31 August 2021	-	**-**

9 Tangible fixed assets

	Computer equipment and office furniture £	Fixtures and fittings £	**Total £**
Cost			
At 1 September 2021	72,600	16,209	**88,809**
Additions	3,999	-	**3,999**
At 31 August 2022	76,599	16,209	**92,808**
Depreciation			
At 1 September 2021	66,097	2,161	**68,258**
Charge for the year	4,407	3,733	**8,139**
At 31 August 2022	70,504	5,894	**76,398**
Net book value			
At 31 August 2022	6,095	10,315	**16,410**
At 31 August 2021	6,503	14,047	**20,550**

10 Fixed assets investments

	2022 £	2021 £
Market value		
At 1 September 2021	**1,139,498**	1,105,131
Additions at cost	**1,037,305**	140,775
Disposal at opening market value (proceeds £1,030,610; loss £62,596)	**(1,093,206)**	(266,279)
Net unrealised gain	**28,303**	159,871
At 31 August 2022	**1,111,900**	1,139,498
Cash held within listed investments	**51,480**	136,555
	1,163,380	1,276,053
Cost		
At 31 August 2022	**1,135,593**	984,192
At 31 August 2021	**984,192**	924,968

	Total 2022 £
Unrealised gains included above on listed investments (see below)	**27,787**
Reconciliation of movements in unrealised gains on investments	
Unrealised gains at 1 September 2021	**292,496**
Net realised gains and losses in the year	**(293,012)**
Net unrealised gains in the year	**28,303**
Unrealised gains at 31 August 2022	**27,787**

10 *Fixed assets investments (continued)*

The following holdings comprised a material holding when compared to the value of the total listed investment portfolio at 31 August 2022:

	Market Value £	%
IFSL CAF Alternative Strategies Acc	203,821	17.52%
Aberdeen Standard Liquidity Fund Sterling GBP	114,987	9.88%
Aberdeen Standard Offshore Sterling Fixed Interest Fund	66,884	5.75%

Listed investments at 31 August 2022 comprised the following:

	2022 £	2021 £
Alternative Strategies	323,339	437,148
Overseas Equities	396,607	494,560
U.K Equities	147,746	207,791
U.K Fixed Interest	244,208	—
	1,111,900	1,139,499
Capital Cash Account	51,480	136,555
	1,163,380	1,276,053

11 Debtors: amounts falling due after one year

	2022 No.	2021 No.
Other Debtors	**11,942**	-
	11,942	-

Other debtors consist of a repayable deposit paid to secure the leasehold contract for the new head office premises.

12 Debtors: amounts falling due within one year

	2022 £	2021 £
Charitable activity debtors	**19,207**	7,791
Prepayments and accrued income	**14,766**	13,699
	33,973	21,490

Notes to the financial activities Year to 31 August 2022

13 (a) Creditors: amounts falling due within one year

	2022 £	2021 £
Charitable activity creditors	**26,424**	5,615
Social security and other taxes	**9,031**	9,430
Accruals	**32,063**	30,773
Deferred income	**297,044**	204,554
Other creditors	**1,661**	1,016
	366,223	251,388

Deferred income relates to inspection fees received in advance of inspections taking place and accreditation fees paid in advance for the next academic year, Movements on deferred income are shown below:

	2022 £
Deferred income at 1 September 2021	**204,554**
Resources released in the year	**(204,554)**
Resources deferred in the year	**297,044**
Deferred income at 31 August 2022	**297,044**

13 (b) Creditors: amounts falling due after one year

	2022 £	2021 £
Provisions	**15,552**	9,310
	15,552	9,310

The trustees have acknowledged its responsibility to uphold and enhance professional standards in the field of Higher and Further Education at an international level. To fulfil this constructive obligation to its stakeholders, it has decided to remain a member of ENQA, an organization that conducts a review of its members every five years at a cost of approximately £36,000. The cost of the review is provisioned for equally over the preceding 5 years.

14 Designated funds

	Sep-21	New designations	Utilised / Released	Sep-22
	£	£	£	£
Internal Capabilities	-	75,000	**(19,229)**	55,771
	-	75,000	**(19,229)**	55,771

The board have set aside funds for various projects internal development and marketing activities, with the aim of improving the efficiency of operations and furthering the charity's increase the profile with a larger number of organisations.

The funds are expected to be utilised within a time frame of 2 years from the reporting date.

15 Fixed asset fund

	Total £
At 1 September 2021	**20,550**
Net movements in year	**14,768**
At 31 August 2022	**35,318**

The fixed assets fund represents the net book value of the charity's fixed assets. The fund recognises the fact that the assets are required for the day-to-day operation of the charity and are not available for other purposes or as a general reserve.

16 Related party transactions

Dr Esther Huertas is on the council of trustees for BAC and European Network for Quality Assurance in Higher Education (ENQA). The BAC are a registered member association of ENQA and makes annual payments for membership, the BAC is also required to take part in several engagement activities with ENQA and is subject to interim inspections, in the current year expenditure of £19,644 has been recognised in relation these activities. (2021: £4,041)

Separately a provision has also been recognised for the BAC's constructive obligation to its stakeholders to undergo a membership review every 5 years (note: 13 (b)), in the current year a movement of £6,242 has been recognised (2021: £6,032) and carried forward balance for the provision at year-end of £15,552 (2021: £9,310). There are no other outstanding balances at the end of the year.

Council of Validating Universities has a secretariat agreement with the BAC, as a result of this relationship Dr Janet Bohrer has been appointed as secretary of CVU, the reason for this is so she may carry out the obligations agreed between CVU and BAC, only when instructed by the council members of CVU. The total income received by the BAC is £28,000 (2021: £18,644), There are no outstanding debts due at the end of the year.

Other than as set out above and in note 6, there were no other transactions between the charity and any of its related parties.

17 Ultimate controlling party

The charity is under the ultimate control of the Council members.

18 Financial commitments

At 31 August 2022 the charity had total commitments under non-cancellable operating leases as follows:

	2022 Land and buildings £	2021 Land and buildings £
Operating lease payable		
Within one year	**42,373**	42,373
Between 2 to 5 years	**55,840**	98,213

BAC Annual Report 2021-22

Final Audit Report 2023-02-16

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19 January 2023

Our ref B0402/CHB/TBE

Dear Trustees

Post-Audit Report – Year ended 31 August 2022

The purpose of this letter is to bring to the attention of the Trustees as those charged with governance and management the findings from our recent audit of the financial statements of the British Accreditation Council, for the year ended 31 August 2022, for your consideration and to enable you to address matters arising where appropriate. Throughout this letter, "you" and "your" refer to the British Accreditation Council. "We" and "our" refer to Buzzacott LLP. We appreciate that you will already be aware of some of the matters contained in this letter. However, in accordance with International Standards on Auditing (UK) (ISAs) we are communicating them to you formally.

1. Purpose of the audit

As auditor, we are responsible for performing the audit in accordance with ISAs (UK), which is directed towards forming and expressing an opinion on the financial statements for the year ended 31 August 2022 that have been prepared by management with the oversight of those charged with governance, and other matters required by legislation.

Our work has been carried out in accordance with our audit planning letter dated 5 October 2022.

Our audit work included consideration of the internal controls relevant to the preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of your system of internal control.

The matters being reported are limited to those that were identified during the audit and that we conclude are of sufficient importance to merit being reported to those charged with governance.

2. Audit progress

We are pleased to report that the overall timetable for the audit of the financial statements has been met.

However, we wish to note that due to some personal circumstances that were out of the British Accreditation Council's control, there were some delays in receiving the initial information needed for us to conduct our audit work. Additionally, some support from ourselves was also required to help with the accounting of the Council's investment portfolio which was outside the remit of our audit work, and resulted in additional time being spent.

We would like to take this opportunity to thank all those with whom we dealt during the audit for their assistance and co-operation, in particular Dinesh Thakur, Adam Maiy, Lucy Fox and Janet Bohrer.

3. Annual report and financial statements' format

The financial statements have been prepared, as last year, in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice (Charities SORP FRS 102).

There are no significant changes to the format of the financial statements this year.

4. Auditor's report

We do not propose any modifications to our audit opinion and, therefore, we will issue an unqualified opinion in our auditor's report.

The wording of our auditor's report is unchanged from last year.

5. Adjustments made during the audit

Other than presentational amendments which have no impact on the reported results for the year, there were no adjustments made to the figures presented to us for audit.

6. Unadjusted misstatements

We are pleased to report that we found only clearly trivial misstatements during our audit for the period.

7. Accounting policies, accounting estimates and disclosures

Aside from the introduction of the intangible fixed assets policy, the accounting policies used in preparing the financial statements are unchanged from the previous year.

Our work included a review of the adequacy of disclosures in the financial statements and consideration of the appropriateness of the accounting policies and estimation techniques adopted by the charity. We found the disclosed accounting policies, significant accounting estimates and the overall disclosure and presentation to be appropriate for the charity.

8. Letter of representation

We enclose the draft letter of representation which we will request management and the trustees to approve and sign at the same time as the financial statements. This includes acknowledgement of the trustees' responsibility for the design and implementation of internal controls to prevent and detect fraud.

As set out in our planning letter, we understand the following applied to the year ended 31 August 2022.

- Trustees of the British Accreditation Council exercised effective oversight of management's processes for identifying and responding to the risks of fraud in the charity and a system of internal controls was in place to mitigate these fraud risks.
- The key areas at most risk of fraud at the charity are through external cybersecurity attacks.
- Trustees were not aware of any instances of actual, suspected, or alleged fraud, including misconduct or unethical behaviour related to financial reporting or misappropriation of assets.
- There have not been any out of the ordinary transactions.

If the above information is no longer correct, please contact Catherine Biscoe or Tom Beswick.

9. Accounting and internal control systems

Our work during the audit included an examination of some of the charity's transactions, procedures and controls with a view to expressing an opinion on the financial statements for the year ended 31 August 2022.

This work was not directed primarily towards discovering weaknesses, other than those that would affect our audit opinion, or towards the detection of fraud. We have included in this report only matters that have come to our attention as a result of our normal audit procedures and consequently our comments should not be regarded as a comprehensive record of all weaknesses that may exist or of all improvements that might be made.

We found no significant deficiencies in the accounting and internal control systems during our audit. However, we have made some recommendations for improvements, which are detailed in the section below.

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10. Observations and recommendations on the accounting system and financial reporting function

The table below provides a summary of any observations made concerning weaknesses in the company's accounting and internal control systems.

Observations included in the "A" grade (red) banding indicate that, in our opinion, there is a risk of significant financial impact on the company that must be addressed immediately.

"B" grade (orange) banding recommendations relate to those issues where there is a risk of moderate financial impact on the company, such as a control failure or the absence of a control in an area of moderate risk. These items should be addressed shortly.

Observations included in the "C" grade (yellow) banding indicates that the matter, although important, does not warrant urgent attention and should be addressed within an agreed timeframe.

Priority	No of points	Relating to
A	0	
B	1	Income records
C	1	Fixed Assets

Further details in respect of the observations and recommendations as a result of our audit work are given in Appendix A.

The matters have all been discussed with Dinesh Thakur, who has appropriate management authority and are informed management for independence purposes.

11. Prior year observation

We are pleased to report that the following observations made last year have been satisfactorily dealt with:

Priority	Relating to
B	Pay letters Related Party Disclosure

12. Materiality

Materiality threshold: £18,200

Reporting threshold: £900

Materiality refers to the relative significance of a particular matter in the context of the financial statements as a whole. An item would be considered material if its omission or its erroneous inclusion would reasonably influence the decisions of those using the financial statements.

We are required to report corrected audit misstatements, and uncorrected audit misstatements in excess of our reporting threshold which is set at 5% of overall materiality.

Our materiality threshold is based on 1.5% of fixed assets. A lower level of materiality may be selected for specific areas of the financial statements and for some disclosure items e.g. transactions and other financial arrangements with trustees and their connected persons.

When considering the impact of misstatements discovered during the course of our audit and considering the implications for our report of such misstatements, we will refer to this level amongst other things. Whether a misstatement is 'material' or not is ultimately down to the auditor's judgement.

13. Professional ethics

In accordance with our profession's ethical guidance and further to our letter to you dated 5 October 2022 confirming audit planning arrangements there are no further matters to bring to your attention in relation to Integrity, Objectivity and Independence.

14. Current developments

Revised auditing standards

The audit work we perform must comply with all relevant International Standards on Auditing (UK) ("ISAs") which are set by the UK's Financial Reporting Council ("FRC"). ISA (UK) 315 Identifying and Assessing the Risks of Material Misstatement Through Understanding of the Entity and Its Environment, ('ISA 315') has recently been reviewed and amended by the FRC and the revised version introduces major changes in the approach auditors must follow to risk identification and assessment in all audits. This will be applicable to your audit for the year ending 31 August 2023.

To help prepare for the implementation of ISA 315, charities can refer to the Charity Commission guidance *Internal financial controls for charities (CC8)*, which includes a checklist to assist in evaluating the internal financial

controls in place. There is also information on the control environment for charities in *Practice Note 11 (Revised) The audit of charities in the United Kingdom*, particularly in paragraphs 86 to 95.

We have also attached a summary of other recent and ongoing developments as Appendix B to this report. The matters included in this appendix may not all be directly relevant to the company. However, we are aware that a lot of trustees are involved with more than one organisation, therefore we have included items for general information.

15. Updates, insights and seminars

As part of our commitment to the charity sector, during the year the Charity Team issues occasional Updates and Insights on matters of relevance to the sector and also holds a number of seminars free of charge throughout the year. We would be delighted to welcome representatives of your charity to our seminars or to add trustees and management to our email distribution lists if this would be welcome. News and Insights are also available on our website at News and insights (buzzacott.co.uk), where there is also an opportunity to sign up to our mailing list should you wish.

Conclusion

This letter has been prepared for your private use only. It has been prepared on the understanding that it will not be shared with any third party without our prior written consent and we can therefore assume no responsibility to any other party. Any recommendations contained herein are based on the information you have provided and UK law and judicial and administrative interpretation as of the date of this letter. Should the facts provided to us be incorrect or incomplete, or should they change, our recommendations may be inappropriate. Buzzacott LLP accepts no liability for losses arising from changes in UK law, interpretation or practice or in public policy that are first published after the date of this letter.

If you require any further information or assistance, we shall be very pleased to help you.

We would be pleased to receive your comments and reaction to this letter.

Yours faithfully

Buzzacott LLP

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Appendix A: Audit observations and recommendations

Current year observations and recommendations

B	**Income records** During our audit work we noted that some of the income spreadsheets used by BAC were not always up to date with the relevant information, such as college numbers. Although this did not have any impact on the items we tested during the audit, there is a risk that some of the income may not be recorded correctly within the nominal ledger. We understand that BAC is currently implementing a new CRM system to help support this process.	We recommend that income records are kept up to date to reduce the risk of income being recorded incorrectly.	**Management response:** We recognise the risk related to the spreadsheet systems of recording income. We purchased new CRM software, in June 2022, to help support and improve our processes and operations. One of the main goals of the CRM system is to automate several tasks, including record keeping related to income, which will help with the timeliness of reporting and reduce the risk of income being recorded incorrectly. We have nearly completed phase 1 of the implementation of the system, which was to have all core business functions set up, and training of staff is to start by end of January 2023. Phase 2 is for information and functions used for analytics and reporting which will include an updated income reconciliation process and the aim is to complete phase 2 by end of March 2023.
C	**Fixed Asset Register** During our audit work we noted that there are some fixed assets that have been fully depreciated within this financial year. Although this does not impact our audit	As a best practice point, we recommend that BAC reviews the fixed asset register on a timely basis to ensure that any fixed assets which are no longer in use	**Management response:** The fixed asset register is reviewed every month by the Finance Officer. Specific consideration will be made to ensure assets which are

	work, going forward there could be a risk that future assets which are fully depreciated and no longer in use may not be eliminated from the fixed asset register.	are correctly removed from the fixed asset register.	no longer in use are eliminated promptly.

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Appendix B: Sector Developments

Trustees' Annual Report and Accounts

Government response to audit and corporate governance consultation

- The government has published its results following a consultation exercise in respect of audit, corporate reporting and corporate governance. As part of the initial proposals, charities with income over £100m could have faced much stricter rules on financial reporting under their classification as a public interest entity (PIE). However, it has been agreed that these rules will only apply to entities with over £750m income and 750 employees meaning that only the largest UK charities will be required to comply. The new rules include the introduction of a Resilience Statement, an Audit and Assurance Policy and a statement on fraud measures within Annual Reports.

- The full paper can be read at: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1079594/restoring-trust-in-audit-and-corporate-governance-govt-response.pdf

Reporting Diversity Data

The Charity Commission has been asked to make reporting diversity information about charity senior leaders and trustees mandatory in annual reports. Currently, publicly available information of the diversity of charity leaders is "incomplete and out of date" so a coalition of 65 organisations have advised the change in line with new FCA rules. The FCA requires listed companies to disclose numerical data on the gender and ethnic diversity of their board and executive management. The Charity Commission has said they will consider the recommendations as part of their ongoing work on the issue. The shadow charities minister has also said "increased transparency at charities is needed" and the Charity Commission should take action on "recommendations to collect data on protected characteristics among charity trustees and executives".

The open letter to the Charity Commission can be found at https://www.money4you.org/operationtransparency/

New programme to boost diversity in boardrooms

A pilot Boardroom Apprentice programme has been launched by the Government's Levelling Up initiative to boost diversity in public boardrooms. The programme aims to more closely reflect the communities in which they serve across the UK, with candidates receiving practical boardroom experience, knowledge and skills.

For more information please visit: https://www.gov.uk/government/news/new-programme-aimed-to-boost-diversity-in-boardrooms

Policy and Governance

Charities Act 2022

The Charity Commission has published guidance on changes to be implemented by the Charities Act 2022, expected to come into force from Autumn 2022 and will be staggered throughout 2023. A summary of the key changes are:

- Charities will be able to pay Trustees for providing goods or services to the charity that are beyond the usual trustee duties (Autumn 2022);
- Trustees will have the power to process small amounts of ex-gratia or moral payments without applying to the regulator. For example, if a charity receives a legacy but there is evidence the donor has changed their mind since making their will (Autumn 2022);
- Reduced complexity surrounding fundraising appeals that do not reach, or exceed, the intended target. This includes charities no longer having to wait six months for donors to ask for a refund. In addition, if donations less than £1,000 can be spent on purposes other than those intended, they can act without the involvement of the Commission (Autumn 2022);
- Changes to how charities sell, lease or transfer land (Spring 2023);
- Greater flexibility will be introduced to make use of permanent endowments (Spring 2023); and
- Changes to how charities can amend their governing documents (Autumn 2023).

The guide can be found at https://www.gov.uk/guidance/charities-act-2022-guidance-for-charities

Recruiting young trustees

Our Bright Future, a partnership led by the Wildlife Trusts and funded by the National Lottery Community Fund, has published a guide to help charities recruit young trustees to their board. The guide includes case studies and templates for charities that would like to recruit young people, and a six-step approach for supporting young trustees in their role. The guide can be found at: https://ourbrightfuture.co.uk/wp-content/uploads/2022/05/Young_Trustees_Advice_Pack.pdf

Charities and remote meetings

From 22 April 2022, the Charity Commission has confirmed that charities will need to move back to face-to-face meetings unless their governing documents allows remote meetings to be held. The flexibility of online meetings

was introduced in April 2020 but as Covid-19 restrictions have come to an end this flexibility is being removed. The regulator has also said they will no longer give charities extensions to filing deadlines.

Information on how to amend governing documents if needed can be found at https://www.gov.uk/guidance/coronavirus-covid-19-guidance-for-the-charity-sector

Companies House reforms

In February 2022, the Government Department for Business, Energy and Industrial Strategy ('BEIS') published its Corporate Transparency and Register Reform White Paper. The reforms are designed to increase transparency and clamp down on abuse of UK corporate structures for money laundering.

These changes are very likely to become law, however there is currently no timetable for the introduction of the new rules.

The key changes are as follows:

- *Reduction in filing options for small companies*
  The reforms will simplify the framework for smaller entities by reducing the filing options to just two categories: micro-entities and small companies. The abridged and "filleted" accounts options will be removed and therefore all small companies will be required to file a directors' report and profit and loss account (as well as a balance sheet).

- *Strengthening of Companies House powers*
  The government will extend the powers of Companies House to query, seek evidence for, amend or remove information on the register, and to share it with law enforcement if certain conditions are met.

- *Identity verification for those setting up, managing and controlling companies*
  The government will require identity checks on directors of companies, general partners in Limited Partnerships, designated members in LLPs and people with significant control (PSCs). Individuals who fail to verify their identity will be subject to new criminal and civil sanctions.

- *Restrictions on corporate directorships*
  Corporate directorships will be restricted to entities registered in the UK, and the corporate directors will need to be associated with natural persons who will be subject to identity checks. Different rules will apply to corporate members of LLPs or corporate general partners of LPs but with a similar aim of increasing transparency over the control of these entities.

- *More information on a company's shareholders*
  The reform proposes a requirement for private companies, and traded companies where shareholders

hold at least 5% of the issued shares of any class of the company, to provide a one-off full shareholder list. Any changes will be updated annually when a company files a confirmation statement.

- *"File once" approach*
  The government is considering a new approach so that accounts will only need to be filed once instead of separately to Companies House, HMRC and other agencies.

Maintaining public trust

The Charity Commission has said that charities should not be complacent in their efforts to maintain public trust. Research conducted on behalf of the Charity Commission found that public trust in charities has risen slightly in 2020-21, after reaching an all-time low in 2018 following a "number of scandals" in the sector. The regulator has said trustees are key in ensuring charities public's expectations are met through high standards of governance and compliance with duties.

Please see: https://www.gov.uk/government/publications/research-into-public-trust-in-charities-and-trustees-experience-of-their-role

Winter 2022 energy bills for charities

The government has published details to reduce energy bills for charities, businesses and public sector organisations from October 2022. A discount will automatically be applied to bills from 1 October to 31 March by supporting the cost of wholesale gas and electricity prices this winter.

Charities on fixed price contracts agreed on or after 1 April 2022 will see their per unit energy costs automatically reduced by the relevant p/kWh, so long as they exceed the supported wholesale prices. Those on default, deemed or variable tariffs will also receive support through a per-unit discount on energy costs, up to a maximum of around £405/MWh for electricity and £115/MWh for gas, subject to wholesale market developments.

For more information please see: https://www.gov.uk/government/news/government-outlines-plans-to-help-cut-energy-bills-for-businesses

Investments update

The Charity Commission has published guidance to help trustees make decisions on responsible investment. Trustees at all charities can decide whether or not to adopt a responsible investment approach that reflects the charity's purposes and values, and not just focus on the financial return.

The guidance states "You can decide that rather than just focusing on the financial return on an investment, your approach will also take into account your charity's purpose and values.", i.e. health charities avoiding investments

in companies whose products harm public health/environmental charities actively seeking to invest in renewable energy.

The full published guidance can be found here: https://www.gov.uk/government/consultations/charity-responsible-investment-guidance/responsible-investment-draft-guidance-for-consultation

A review of investments in 2021 encompassing the outlook for 2022 can be read at: https://www.buzzacott.co.uk/insights/investment-review-of-2021

Charity Commission – Improving charity data

The Charity Commission is focusing on improving data collection over the coming years, with an introduction of broader classification codes on the charity register expected soon (giving more specific options of what the charity does and its objects etc). This will enable organisations to accurately represent their activities, with information becoming more relevant to the public. It is also expected the 2023 Annual Return will feature a 'library' of questions which charities can answer as their circumstances require, enabling a more streamlined experience.

The long-term goals include more direct communication with individual trustees to help and support them in their roles.

Further details can be found at: https://charitycommission.blog.gov.uk/2022/03/22/your-role-in-improving-charity-data/

Charity Commission proposes additional questions on the annual return

A 12-week consultation commenced in June for potential changes to the Charity Commission Annual Return. The proposed new changes are around financial governance, charity operations and structure, and employees and volunteers. One of the proposed new questions asks charities to confirm whether specific thresholds have been exceeded (e.g. whether 70% or more of total income is dependent on one income stream, or whether 25% of more comes from donations). The regulator hopes this will enable them to collect more targeted information to help with its longer term data-driven, long-term strategy.

Changes will apply to charities' financial years starting on or after 1 January 2023. For more information on the consultation, please visit the Charity Commission website https://www.gov.uk/government/consultations/charity-commission-revisions-to-the-annual-return-2023-25

Staff recruitment and retention

As charities seek to recover from the pandemic, one of the key issues affecting organisations is staff recruitment and retention. Employment experts believe charities are facing an "exodus" of staff due to increasing pressures

such as overwork, burnout, and low pay. The return to the office has also been a contributing factor to staff retention in the sector. All these factors combined have highlighted a staff turnover in the not-for-profit sector of 18.1%. The recruitment crisis is likely to be heightened as charities lose experienced staff, replaced by staff with little knowledge of their organisation.

Charities can implement a range of strategies to increase staff retention including offering flexible working options, clear career progressions, a strong team culture and focus on staff wellbeing.

For further analysis, please see: https://www.stoneking.co.uk/literature/e-bulletins/how-can-charities-retain-their-best-staff

Should Charities invest in cryptocurrency?

The use of cryptocurrency is growing in the mainstream economy as it continues to become a possible route for investing. The Treasury has said they will introduce legislation to regulate certain cryptocurrency to "make the UK a global crypto asset technology hub". However, the Charity Commission has warned of the risks to charities who invest in crypto assets largely due to its volatile value.

Overall, very few charities are engaging with cryptocurrency, with some charities accepting donations but immediately converting them into regulated currencies. The Charity Commission has emphasised the importance of "knowing your donor", which can be difficult as blockchain (the system that tracks the exchange of crypto assets) has been built on anonymity. They consider that trustees should be cautious about "delving into this world" given their requirement to follow the core trustee responsibilities.

The Charity Commission full article can be found at:
https://charitycommission.blog.gov.uk/2022/07/12/cryptocurrencies-what-are-they-and-should-charities-use-them/

Safeguarding toolkit

Aid umbrella body Bond has urged charity bosses to "step up" on protecting staff and beneficiaries from abuse, as it launches guidance for improving safeguarding culture.

The tool is designed to help assess how an organisation approaches questions of safeguarding and develop plans for preventing "all types of harm, including sexual exploitation, abuse and sexual harassment". The toolkit aims to help bosses lead discussions, and agree potential actions for their charity, under the heading of six foundations.

The six foundations identified in order to build a stronger safeguarding culture are: accountability, policies and processes, safer programming, a survivor-centred approach, awareness-raising, and safer recruitment and HR processes.

The toolkit can be found here: https://safeguarding-tool.bond.org.uk/

Compliance

Safeguarding

The Charity Commission has published a guide on the responsibilities for charities and trustees to keep everyone safe including staff, volunteers, and beneficiaries. Trustees must ensure their charity identifies and manages risks, have safeguarding policies and practices in place, carry out relevant checks (e.g. DBS), protect volunteers and staff, and have procedures to handle and report incidents appropriately.

A detailed overview of safeguarding in charities, and how to implement the above action points can be found at: https://www.gov.uk/guidance/safeguarding-for-charities-and-trustees

Tax

Charity tax returns – why are they so important?

Whilst it is not compulsory for charities to file a tax return, HMRC is able to perform random checks on charities to ensure exemptions are being claimed correctly. There is no blanket exemption on income generated by a charity because of their charitable status. If a charity receives income that does not fall under the available exemptions, then the profit element of the income will be subject to tax. The main forms of exempt charitable income are:

- Donations and legacies;
- Trading income, where this derives from activities in furtherance of or ancillary to the charity's objectives, or activities carried out by the charity's beneficiaries; and
- Certain investment and property income.

If there is non-charitable trading income that does not fall under the above exemptions, the small-scale taxable trades exemption can be applied whereby a tax liability will not be applied if the non-charitable trading income is less than 25% of the charity's total income, subject to a cap of £80,000. If £80,000 is breached, the total non-charitable trading income will be taxable.

Further information can be found at: https://www.buzzacott.co.uk/insights/charity-tax-returns-why-are-they-so-important

BRITISH ACCREDITATION COUNCIL FOR INDEPENDENT FURTHER AND HIGHER EDUCATION

England & Wales - Charity number 326652

Accounts

British Accreditation Council for Independent Further and Higher Education

Annual Report and Financial Statements

31 August 2021

Company Registration Number
01828990 (England and Wales)

Charity Registration Number
326652

BRITISH ACCREDITATION COUNCIL

http://www.the-bac.org/

Reference and administrative details

Members of the Council		Dominic Scott OBE (Chairman) Prof David Law (Deputy Chair) Marc Griffith Dr Esther Huertas Dr Anthony Manning Kevin Everett Prof. Mary Bishop Dr Stephen Jackson (Honorary Treasurer) Dr. Victoria Stec MD. Mahbubal Alam (Student member - Appointed 1 Oct 2021) Dr. Nicola Mellor (Appointed 1 Oct 2021)
Company Secretary		Dr Janet Bohrer
Registered office		C/O Buzzacott Llp 130 Wood Street London EC2V 6DL
Company registration number		01828990 (England and Wales)
Charity registration number		326652
Auditor		Buzzacott LLP 130 Wood Street London EC2V 6DL
Solicitor		Bates Wells and Braithwaite London LLP 10 Queen Street Place London EC4R 1BE
Banker		CAF Bank 25 Kings Hill Avenue West Malling Kent ME19 4JQ

Investment manager		Aberdeen Standard Capital 1 George Street Edinburgh EH2 2LL

Reference and administrative details

Key Management Personnel		Dr Janet Bohrer Diana Morriss (Chief Inspector)

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The members of the Council present their annual report together with the audited financial statements of the British Accreditation Council for Independent Further and Higher Education ('British Accreditation Council' or 'BAC') for the year ended 31 August 2021.

The financial statements have been prepared in accordance with the accounting policies set out on page 26 to 29 therein and comply with the charitable company's Memorandum and Articles of Association, applicable laws and the requirements of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102).

This report has been prepared in accordance with Part 8 of the Charities Act 2011 and constitutes a directors' report for the purposes of company legislation.

Structure, governance and management

The British Accreditation Council was incorporated on 29 June 1984 (Company No 1828990) and registered as a UK charity on 28 August 1984 (Charity No 326652). It is limited by guarantee without share capital. The liability of the members is limited to £10 each and accumulated funds are not distributable to the members.

The governing instrument under which the Company operates is its Memorandum and Articles of Association. Amended Articles of Association were approved by the charity on 19 October 2017 and 2 April 2018 by special resolution. The Articles of Association were reviewed in April 2021 and were considered fit-for-purpose.

The directors are treated as trustees for Charities Act purposes.

Members of the Council

The members of the Council are the Board of Trustees. The trustees who served during the year, and up to the date of approval of this report, are shown in the reference and administrative details at the front of this report.

The Articles of Association provide for a maximum of twelve directors. The trustees may appoint any director as a member of the Board of Trustees. The chair and deputy chair are appointed by the Board from among its members.

One member of Council resigned during this financial year.

Induction and training of Council members

At the recruitment stage potential Council members are given extensive information about the organisation and are fully informed of the purpose and charitable objectives of BAC. Potential trustees are then invited to meet with the Standing Committee to discuss the challenges facing the organisation and their potential contribution to the charity.

Structure, governance and management (continued)

Statement of Council's responsibilities

The Council members (who are also directors of the British Accreditation Council for Independent Further and Higher Education for the purposes of company law) are responsible for preparing the annual 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 Council members to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the income and expenditure of the charitable company for that period.

In preparing these financial statements, the Council members are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable to the United Kingdom and Republic of Ireland (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

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

Each of the Council members confirms that:

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

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

Structure, governance and management (continued)

Statement of Council's responsibilities *(continued)*

The Council members 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.

Governance

The governance structure consists of the Council, which is formed of the trustees, and acts as the Board of Directors. The Council meets three times a year. An Audit Committee provides financial and regulatory oversight. The Standing Committee is a subcommittee of the Council. The Standing Committee meets between Council meetings and more regularly during the pandemic than previous years to provide continuity and support the charity. The Standing Committee has, as members, the Chair of the Council, the Deputy Chair of the Council and the Honorary Treasurer. Duties of Nominations and Governance are discharged by the Standing Committee.

The Chair of the Council is Dominic Scott OBE.

The responsibility for decisions on accreditation is overseen by the Accreditation Committee (AC). The AC is appointed by the Council and consists of members appointed by virtue of their experience and expertise with regard to educational standards. Dr Anthony Manning has been appointed as the Chair of the Accreditation Committee, taking over on the same day Dr Ann Read stepped down (resigned 14 October 2021). The Accreditation Committee receives the reports of completed inspections and takes decisions on the award or withdrawal of accreditation, making its recommendations based on BAC's accreditation policy and procedures. It also regularly reviews the quality assurance criteria used by inspectors in making judgements and recommendations. The Committee had seven meetings this year.

Key management personnel

In the period of review, Council members consider that they, together with the Chief Executive, and the senior management team comprise the key management personnel of the charity. None of the Council members receive any remuneration from the charity in connection with their role as Council members.

There was no pay review for the CEO in the year and a pay freeze for BAC staff in the year.

Other transactions with members of the Council are disclosed in note 6.

Public benefit

The Council members have taken into regard the Charity Commission's guidance on public benefit and that all the Council's activities are directed to fulfilling its charitable objects of the improvement and maintenance of standards in independent further and higher education and training and that in doing so it is working for the public benefit. Some of these benefits are given below:

Structure, governance and management (continued)

Public benefit *(continued)*

- BAC inspections helps HM Government to protect the reputation of further and higher education and training in the UK by providing independent judgments, made on the basis of inspection by qualified and experienced inspectors, of the quality of provision of private institutions of further and higher education and training.

- The BAC accreditation mark provides students and potential students with an indication of quality.

- The information, marketing and promotional work undertaken ensures that international students, agents and the education sector as a whole are aware of the range of institutions and courses available.

- Training events and seminars assist in the professional development of staff and institutions, thereby improving the quality of provision.

- The valued advice and support offered to institutions through informal and formal avenues provide them with guidance regarding good and best practice, thus helping to raise standards of provision.

- The complaints procedure provides students with a free and accessible means of resolving disputes with accredited institutions.

Fundraising statement

The charity does not actively undertake fundraising activities and does not employ the services of Professional Fundraisers. During 2020/21, the charity received no complaints about its fundraising activities.

Objectives and activities

The British Accreditation Council for Independent Further and Higher Education is registered for charitable purposes and its objects are:

- providing a system of accreditation for educational and training institutions in order to promote public confidence in such institutions and their programmes of study; and

- assisting in the improvement and maintenance of the standards of accredited institutions through the offer of advisory and consultancy services principally in the field of further and higher education.

Achievement and performance

Accreditation and inspection activity

The table below gives details of the applications received, inspections carried out and awards of accreditation in the period September 2020 to August 2021 and compares these with the figures from the previous year.

	September 2020 to August 2021	**September 2019 to August 2020**
New institutions awarded accreditation – UK	13	13
New institutions awarded accreditation – overseas	1	6
Total number of accredited institutions	213	225
Withdrawals	24	18
Overseas accredited institutions	34	33
Applications received from new institutions	14	15
Inspections conducted	93	100

Progress made: BAC's objectives 2020-21

With regard to BAC's objectives for 2020/21 the following progress has been made:

Area	**Objective**	**Progress**
STRATEGY	Developing and reinforcing BAC strategic directions	Development of the strategic plan started in September 2021 and expected to be published by March 2022.
	Revising the Standards Framework to apply for all BAC schemes Unifying Schemes under the revised Standards Framework	BAC completed conversations with Inspectors and Providers about creating an overarching framework of Standards under which all BAC inspection schemes could be aligned. Phase two of the project is in the planning phase.

Achievement and performance (continued)

Progress made: BAC's objectives 2020-21 *(continued)*

	Strengthening the BAC community through national, European and international initiatives.	The BAC webinar series for 2021 was published in January 2021 attracting over 120 delegates. A series of free facilitated workshops were offered to providers between October 2020 and June 2021 supporting a quality assurance enhancement agenda. BAC secured the chairmanship of an ENQA project about micro credentials. BAC will take the responsibility for the timely and successful delivery of the project output and will host the final dissemination event at Wax Chandlers Hall London in Autumn 2022. BAC staff and Council members were encouraged to attend online Quality Assurance events to support their development and engagement in the wider quality assurance debates. This activity is recorded on the CPD database and will continue to be encouraged.
GOVERNANCE	Reviewing and maintaining of Committees -Council -Standing Committee -Audit Committee -Accreditation Committee	New role of Governance and Business Development Manager started in April 2021. The Articles of Association were reviewed in April 2021 and were considered fit-for-purpose. A review of Terms of Reference was started with the goal to have this completed for final Council approval in June 2022. New members of Council and the Accreditation Committee were appointed, including a student member for each. Their tenure started in September and October 2021.
INSPECTIONS	Maintaining and digitalising processes	Processes and inspections continued online in a way which maintains a robust approach to quality and standards for the foreseeable future. We supported our inspectors with this move to online processes through an online training event held in October 2020 also attended by members of Council and the Accreditation Committee. This complete move to online was considered a short-term solution with a more hybrid approach to site visits starting from November 2021.

Achievement and performance (continued)

Progress made: BAC's objectives 2020-21 *(continued)*

	Scheme Reviews and Thematic Reviews	A working group made up of BAC staff, inspectors, providers and other stakeholders undertook a review of the ODBL scheme during 2019-2020 and the updated scheme was launched ready for use from September 2020.
OPERATIONS	Re-evaluating job posts and responsibilities	Staff evaluations were completed and amendments to contracts were produced and signed where necessary. A letter stating the annual salary and benefits of employment were issued at the beginning of the financial year to all staff. The annual leave entitlement and amount of rollover was adjusted to take account of the pandemic.
	Annual Audit of financial accounting	Following the Annual Financial Audit the first BAC annual report was designed and circulated with the annual invoice requests for accreditation fees. It is proposed to make this a regular publication.
	Securing premises including H&S	New office premises at Wax Chandlers Hall was sourced and the lease signed from 15th January 2021 to the 24 Dec 2024. BAC developed the 'Back to Office Working Plan' and appropriate Health and Safety and covid secure audits have taken place. Office staff returned to some limited office working from 19 July 2021, working in two operational bubbles for the first six weeks with cleaning between each bubble work days. A review took place in September 2021 and flexible working arrangements remained in place.

Risk management

The Council members have a duty to identify and review the risks to which the charity is exposed and to ensure appropriate controls are in place to provide reasonable assurance against fraud and error. The Council members delegate ongoing oversight to the Audit Committee for annual review to Council or reporting by exception. The members of Audit Committee are satisfied with the measures employed to assess and address identified risks.

Risk management (continued)

The Council members have identified the key risks to the charity as:

Identified Risk	Mitigating Actions
Change in government short term study student visa regime (STSV)	BAC has developed a range of value-added products including webinars and the Marketing Pack to attract and retain providers and reducing susceptibility to withdraw in the extreme event of BAC losing its STSV status; BAC has significantly increased due diligence in accepting new and reaccreditation applications and developed and implemented a more rigorous inspection process in order to build and maintain confidence in the inspection and accreditation process; and BAC are diversifying income streams to reduce reliance on the UK market and limit the impact of an unexpected change in government policy.
Loss of key staff	We have developed Standard Operating Procedures (SOPs)for common processes so that other members of staff can take over when a staff member leaves BAC; We have improved the quality of training to disseminate skills and good practice within the organisation; We have improved internal communication within the organisation to help engage staff; We are working to offer staff the opportunity to work on across the organisation, so they develop their knowledge and skills across all BAC processes and increase BAC's resilience; We are adopting a more entrepreneurial operating environment offering increased responsibility for all staff; and Pay and other fiscal rewards are competitive with competing organisations and where possible we have adopted a flexible working policy.

Risk management (continued)

Identified Risk	Mitigating Actions
Financial loss arising out of financial impropriety	BAC maintains a large financial reserve equivalent to 18 months of operating costs; BAC has extensive and transparent financial controls and has chosen to adopt an external auditing policy which exceeds legal requirements; BAC has independent auditors who have a reputation for independence and rigour; and There is a division of responsibility with the Finance Section and we have a BAC external auditor scrutinizing BAC finances and budgets.
Competition increases in the quality assurance arena	BAC conducts regular reviews of BAC processes to ensure they meet the needs of external stakeholders; BAC continues to develop products and processes to ensure they remain world leading in terms of quality assurance; We are working to improve the BAC profile in all markets in which we operate; BAC have built and continue to build and develop links with stakeholders through webinars, the Newsletter and the Provider Journey; BAC maintain strict cost controls to allow competitive prices to be offered to existing and new providers; BAC are increasing investment in developing and promoting BAC across all markets.

Risk management (continued)

Identified Risk	Mitigating Actions
Reputational damage arising out of inappropriate activity or behaviour	BAC has embedded integrity and transparency across all activities; All BAC representatives are DBS checked when working with under 18s; BAC has produced clear inspection guidelines and conducts monitoring inspections to ensure they are adhered to; The Bribery and Anti-Corruption policy is strictly enforced and monitored; BAC adheres to all aspects of competition law and all staff, trustees and committee members fully understand CMA requirements; There is ongoing training of all BAC staff and associates to embed and instill the values and expectations of the organisation; BAC has the necessary legal insurance requirements and professional indemnity cover to provide financial support in the event BAC is accused of acting inappropriately.
Catastrophic infrastructure failure	All data is now backed up offsite with very limited held only in the BAC offices; Key IT infrastructure is now in the Cloud with greater security and multiple backup processes In the event of damage to premises BAC telephone services can be rerouted to temporary accommodation Financial information is now held in the Cloud via Xero and is considered to be as secure as is feasibly possible for an organisation of BAC's size.
Regulatory Framework changes	We maintain awareness of the political debate; We identify possible outcomes of different scenarios; and We review the impact of possible scenarios on a regular basis to monitor the impact on BAC accredited institutions or on the impact on BAC's right to conduct accreditation activities.

Risk management (continued)

Identified Risk	Mitigating Actions
Significant and prolonged downturn in stock markets negatively impacting BAC investments and reducing capital to invest	We take expert advice on management of BAC investments.
Loss of ENQA Membership/ EQAR Listing	We have given responsibility for ENQA/EQAR oversight to a designated member of staff who reports directly to the Standing Committee on ENQA/EQAR compliance; We give the member of staff the necessary time and resources to attend ENQA events and to keep up to date with ENQA/ EQAR membership/ listing requirements; and We review BAC procedures to make sure they are ENQA complaint on a regular basis.
International Recession	We maintain awareness of leading economic indicators; We maintain close links with the sector to monitor sector feedback; We continue to provide added value activities thereby increasing the value of BAC accreditation; and We continue to communicate the value of accreditation to BAC providers, educators, students and governments.

Operational response to the COVID-19 pandemic was as follows:

- BAC developed the 'Back to Office Working Plan' and appropriate Health and Safety and Covid secure audits took place. Office staff returned to some limited office working from 19 July 2021, working in two operational bubbles for the first six weeks with cleaning between each bubble workdays and reviewed after six weeks. Flexible working arrangements remains in place.

- Processes and inspections continued online in a way which maintains a robust approach to quality and standards for the foreseeable future. We supported our inspectors with this move to online processes through an online training event held in October 2020 also attended by members of Council and the Accreditation Committee. This complete move to online was considered a short-term solution. From November 2021, BAC introduced a hybrid approach to inspections involving the use of both online and onsite inspection activities. However, we also retain the options of carrying out inspections totally onsite as well as totally online. Decisions about what approach to use will be based on a set of objective criteria, in order to ensure consistency.

Risk management (continued)

- BAC staff continued to prioritise the support of our community with pragmatic solutions (e.g. FAQs on our website, offering individual discussions for providers with BAC staff and offering discounts/payment plans for inspections and accreditation fees where Provider business had been seriously curtailed).

- We offered our Accredited Providers a free facilitated workshop Building on lessons Learned: From Emergency Response to Planned Action in October 2020.

- A series of free facilitated workshops were offered to Providers between October 2020 and June 2021.

- BAC staff and Council members have been encouraged to attend online Quality Assurance events to support their development and engagement in the wider quality assurance debates.

Covid-19 Impact on Financial Controls

There has been very little impact to the day to day financial control of the charity. The financial processes are all paperless and managed through Cloud software, allowing the financial controls to function as normal.

The Audit Committee has increased the levels of supervision on cashflow in response to the increased liquidity risk; the charity has taken steps to ensure that liquidity of funds does not impact the day to day running of the operations.

Covid-19 Impact on Financial Performance

Covid-19 has had a significant impact on the financial performance of the charity.

As a result of the imposed government restrictions, many providers have had reduced numbers of students enrol which has impacted on their income, we have seen an increased number of withdrawals from schemes, as well as an increase in requests by client institutions to be placed on dormancy or to arrange payment plans.

BAC has carefully considered these requests and has supported providers who currently need the most financial support.

Also in response to the Covid-19 restrictions, BAC has been required to postpone a number of inspections.

The impact of Covid-19 has led to lower than expected income and has also impacted on the charities cash flow.In response, the charity has taken steps to ensure that there are sufficient levels of cash available. As to the long-term impact to income, we believe the charity will see a short period of reduced income, but it is believed the pandemic should not impact on the survivability of the charity.

Financial review

A summary of the year's results can be found on page 23 of the financial statements. The deficit for the year before gains on investments was £29,606 (2020 – £9,153).

The operational deficit has increased by over £20,000 for two key reasons:

(1) Reduced income from accreditation fees and lower number of inspections taking place and,

(2) increased expenditure on providing new workshops and services to providers free of charge.

The impact of these expenditures has been minimised by savings gained from reduced premises costs and the benefits gained from online working and new streamlined processes. In the future we expect to generate more income from providers as Covid-19 restrictions are lifted and providers return to normal activity. We also hope to generate new revenue streams, for example by charging a fee for providing workshops to providers.

The net surplus for the year was £143,324 after gains on investments of £172,930 (2020 – deficit for the year was £607 after gains on investments of £8,546).

Income

Accreditation fees

BAC took the decision not to raise fees again this year.

Overall accreditation fee income has decreased by approximately 19%, 2021 - £374,157 (2020 – £460,610). This is largely due to the fact that many providers have either not been able to continue to operate, have paused operations or have seen a reduced number of student enrolments. Some providers have opted to withdraw or a number have opted to place their accreditation on dormancy until Covid-19 pandemic restrictions are no longer in place.

Inspection Fees

Inspection fee income has reduced in the year by 5% (2020 40%), this is a result of the change in schedule for planned inspections. Approximately 60 inspections have been planned and likely to take place in the following year. The change in income is not likely to impact the organisation, as the expenditure will have also reduced in line with this.

Other Income

Fixed asset investment income has been stable and has gained in value with net gain for the year is £172,930. As the current market is showing high levels of volatility, the Audit Committee has taken action to ensure there is a high level of oversight on investment performance to safeguard the charity’s assets.

Expenditure

Charitable Activities

Direct expenditure this year included the cost of a new activity, offering workshops to providers on a range of issues. This increased direct expenditure, but due to savings gained from the online inspection procedures, the overall expenditure reduced by 33%, 2021 – £112,092 (2020 - £169,155).This is likely to increase in the following year when Covid-19 pandemic restrictions are lifted and the delayed inspections have taken place.

Staff Costs and Running Costs

Staffing costs have reduced by 1%, 2021 – £390,638 (2020 - £395,893).

Running costs and other support costs have also been reduced by 40% for the year, 2021 - £133,299 (2020 - £227,119). This reduced expenditure is largely a result of leaving the previous office, as the lease had ended and had taken approximately six months to find a new premises, saving on rent and general office expenditure. This had no impact on the operations as staff had already been working from home due to the lockdown, it is likely this will increase in the following year.

Investment policy

The value of BAC's investments, a mixture of equities and fixed income, grew to £1,276,053 in 2021 (2020 - £1,105,131). BAC's investments were held in a managed investment portfolio by Octopus Investments Ltd up to 31 March 2021 and was then replaced by Aberdeen Standard Capital (Charities Aid Foundation Managed Portfolio Service – Progressive Capital Growth Account).

The investment policy aims to generate capital growth over the medium to long term, without exposing BAC to the risks and volatility associated with a wholly equity focused portfolio. The Council members are satisfied with the performance of the investment portfolio during the year.

The charity also has cash at bank and in hand of £184,503 (2020 – £237,895). The liquidity risk is managed by maintaining a balance between the continuity of funding and flexibility of access to funds.

Reserves policy

The Council members consider that free reserves of the charity should represent at least six months' expenditure, equating to approximately £450,000, to ensure that the organisation can cope with all financial commitments without recourse to borrowing.

The free reserves on 31 August 2021 were £1,221,348 (2020 – 1,087,048) which exceeds the target level of reserves stated in the reserves policy. However, the Council members consider it appropriate to hold reserves in excess of the target, in consideration of the strategic objectives to be achieved and forecasted financial position over the short, medium and long term along with the consequences of the pandemic, and the reserves policy reflects only the minimum level of free reserves required.

Expenditure (continued)

Reserves policy *(continued)*

Over the forthcoming coming year, the Council will give due consideration if required to mitigate against any loss of funding due to the number of providers unable to operate during the pandemic. It is possible the effects of the crisis may be felt by BAC as a secondary response to providers having to close. However, we monitor the situation carefully and to date no reserves have been required.

The Council have given their approval to consider using some of the reserves of the charity to invest in growth over the next five years, in line with the strategic plan. A financial deep dive took place on 9 December 2021 to ensure that the strategic objectives are matched by our ongoing financial strategies.

Future plans

During Autumn 2021, a new Strategic Plan for the following five years is being developed for approval by Council at the February 2022 meeting.

BAC staff moving to home working meant some project plans such as the alignment of BAC overarching Standards slowed and others such as online ways of working increased in speed of development. During the summer of 2021 some reconciliation and evaluation took place.

BAC learning from the pandemic responses resulted in hybrid approaches to future office working, Committee / Council meetings and inspections from September 2021. 'Return to office working arrangements' were reviewed in September 2021 with flexible working now embedded within the BAC culture and a hybrid approach to inspection methodology presented at the annual inspector's event and Council during October 2021.

The development of the next BAC strategic plan consolidates previous strategic direction but is being influenced by three elements of sound business practice**: Environmental, Societal and Governance factors** with the proposed actions planned for the following three years influenced by these dimensions.

Future plans (continued)

BAC objectives for 2021-22 are as follows

Objectives	**Proposed actions**
BAC will **invest in growth** by expanding products and services to add value to current accredited providers and to attract a wider range of new providers	- Completion of the Standards Review project and creation of an overarching framework of standards. - Additional promotion of the BAC brand to assist providers' marketing and competitive advantage. - Further activities focused on quality enhancement or best practice support for providers. - Addition of a liaison scheme. - Addition of subject level accreditation/micro credentials scheme. - Support/learning/training for providers wishing to enhance their engagement and support of students.
BAC will continue to promote and be active in the quality assurance **Community**	- Webinar series, publications, facilitated workshops, and other enhancement activities - Stakeholder events - Development of an online learning platform potential behind a pay wall - Attendance and contribution of papers and presentations at conferences - Participation in working groups and regulatory meetings (incl. government as appropriate).
BAC will continue to **Grow and Diversify** especially Global and European activities	- Building on successful inspections overseas e.g. Nepal developing regional activities and potential working with Ministries through free and paid projects. -Developing a portfolio of activities to actively promote BAC. - Actively engaging with ENQA e.g. chairing the ENQA working group on micro credentials. - Development of a Seed Funding opportunity for providers. Small grants for teaching and learning initiatives with the proviso sharing the results with the wider community.

Future plans (continued)

BAC objectives for 2021-22 are as follows *(continued)*

Objectives	**Proposed actions**
BAC will actively engage in the developmental of its **Ethical responsibilities**	- A review of our investments. - A review of our policies and working practices. - Calculating our carbon footprint and taking steps towards zero carbon emissions. - Implement ways in which we can lead in the promotion of environmental responsibility and being open about our sustainable development goals.
BAC will continue to develop good practice in its use of **integrated use of the data and information** collected from BAC inspections and other work	- The purchase and use of a CRM system and development of more detailed financial information to make inspection and accreditation fees more transparent. - Moving to collecting reports for inspections through using Sharepoint and all information uploaded to an online portal. - Using thematic reports to influence the direction for development of inspection methodologies as well as themes for enhancement workshops. - Governance reviews as endorsed by Charities Good Practice and as preparation for increased work with a potential growth of activities. Potential use of governance software managing Council and Committees.

Going Concern

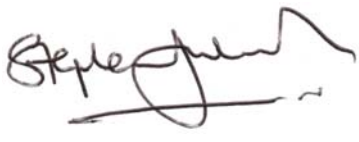
The Trustees are required to confirm that it is appropriate for the BAC to adopt the going concern principle in preparing its accounts. Based on the viability review and taking into consideration the BAC closing reserves and strong cash position, the Trustees of the British Accreditation Council have reasonable expectation that the charity will continue to operate for the 12 months from the signature of this report.

As such the Trustees of the BAC continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Approved by the Council on

10 February 2022

and signed on its behalf by:



Independent auditor's report to the members of British Accreditation Council

Opinion

We have audited the financial statements of British Accreditation Council (the 'charitable company') for the year ended 31 August 2021 which comprise the statement of financial activities, the balance sheet, the statement of cash flows, the principal accounting policies and notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31August 2021 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusion relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Annual Report and Financial Statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the trustees' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the trustees' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the trustees' report and from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

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

- the Senior Statutory Auditor ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations; and

- we obtained an understanding of the legal and regulatory frameworks that are applicable to the charitable company and determined that the most significant frameworks which are directly relevant to specific assertions in the financial statements are those that relate to the reporting framework (Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), Companies Act, and the Charities Act 2011) as well as data protection and safeguarding regulations.

Auditor's responsibilities for the audit of the financial statements (continued)
We assessed the susceptibility of the charity's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

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

- performed analytical procedures to identify any unusual or unexpected relationships;
- carried out substantive testing of expenditure including the authorisation thereof;
- reviewed journal entries to identify unusual transactions and substantiated these where appropriate; and
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias.

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

- review of the minutes of meetings of those charged with governance; and
- enquiring of management as to actual and potential litigation and claims.

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

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

A further description of our responsibilities 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 member, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's member those matters we are required to state to it 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 member, for our audit work, for this report, or for the opinions we have formed.

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

Date: 16 February 2022

Statement of financial activities (including income and expenditure account) Year to 31 August 2021

	Notes	**Total 2021 £**	Total 2020 £
Income from:			
Donations and grants		**—**	10,000
Charitable activities			
. Accreditation and inspection fees	1	**610,313**	757,768
Investments	2	**18**	342
Total income		**610,331**	768,110
Expenditure on:			
Raising funds		**2,007**	1,959
Charitable activities			
. Accreditation and inspection		**637,930**	775,304
Total expenditure	3	**639,937**	777,263
Net expenditure before gains on investments		**(29,606)**	(9,153)
Gains on investments	9	**172,930**	8,546
Net expenditure and net movement in funds		**143,324**	(607)
Reconciliation of funds			
Total funds brought forward		**1,098,574**	1,099,181
Total funds carried forward		**1,241,898**	1,098,574

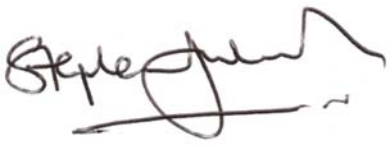
All of the charity's activities derived from continuing operations during the above two financial periods.

The charity has no recognised gains or losses other than those shown above.

Balance sheet 31 August 2021

	Notes	2021 £	2021 £	2020 £	2020 £
Fixed assets					
Tangible fixed assets	8	**20,550**		11,526	
Investments	9	**1,276,053**		1,105,131	
			1,296,603		1,116,657
Current assets					
Debtors	10	**21,489**		81,505	
Cash at bank and in hand		**184,503**		237,895	
		205,993		319,400	
Creditors: amounts falling due within one year	11(a)	**(251,389)**		(334,205)	
Net current liabilities			**(45,395)**		(14,805)
Creditors: amounts falling due after one year	11(b)		**(9,310)**		(3,278)
Total net assets			**1,241,898**		1,098,574
The funds of the charity					
Unrestricted funds					
. General funds			**1,221,348**		1,087,048
. Tangible fixed asset fund	12		**20,550**		11,526
Total funds			**1,241,898**		1,098,574

The financial statements were approved by the Council and were signed on its behalf by:



Date: 10 February 2022

Company Registration Number 01828990 (England and Wales)

Statement of cash flows Year to 31 August 2021

	Notes	2021 £	2020 £
Cash flows from operating activities:			
Net cash used in operating activities	A	**(37,201)**	(73,425)
Cash flows from investing activities:			
Purchase of tangible fixed assets		**(16,208)**	(10,321)
Investment income received		**18**	342
Proceeds from sale of investments		**277,330**	116,579
Purchase of investments		**(277,331)**	(114,620)
Net cash used in investing activities		**(16,191)**	(8,020)
Change in cash and cash equivalents in the year		**(53,392)**	(81,455)
Cash and cash equivalents at 1 September 2020	B	**237,895**	319,340
Cash and cash equivalents at 31 August 2021	B	**184,503**	237,895

Notes to the statement of cash flows for the year to 31 August 2021

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

	2021 £	2020 £
Net movement in funds (as per the statement of financial activities)	**143,324**	(607)
Adjustments for:		
Depreciation charge	**7,184**	7,020
Net gains on investments	**(170,923)**	(8,546)
Decrease in debtors	**60,016**	22,632
Decrease in creditors	**(76,784)**	(93,572)
Investment income receivable	**(18)**	(342)
Net cash used in operating activities	**(37,201)**	(73,425)

B Analysis of cash and cash equivalents

	2021 £	2020 £
Total cash and cash equivalents: Cash at bank and in hand	**184,503**	237,895

C Analysis of changes in net debt

	At 1 September 2020	Cash flows	**At 31 August 2021**
Cash at bank and in hand	237,895	(53,392)	**184,503**
Total	237,895	(53,392)	**184,503**

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

Basis of preparation

These financial statements have been prepared for the year to 31 August 2021 and are presented in sterling rounded to the nearest pound.

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

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

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

Critical accounting estimates and areas of judgement

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

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

- estimating the useful economic life of tangible fixed assets.

As set out in these accounting policies under “going concern”, the Trustees have considered the impact of the pandemic on the charity and have concluded that although there may be some negative consequences, it remains appropriate for the charity to continue to prepare its accounts on the going concern basis.

Assessment of going concern

The Council members have assessed whether the use of the going concern assumption is appropriate in preparing these financial statements. The Council members have made this assessment in respect to a period of one year from the date of approval of these financial statements.

Assessment of going concern (continued)
The Council members of the charity have concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the charity to continue as a going concern. In making this assessment the trustees have considered the impact of COVID-19. In response to the pandemic, the charity has taken steps to ensure that there are sufficient levels of cash available as outlined in the trustees' report. As to the long-term impact, we believe the charity will see a short period of reduced income, but it is believed the pandemic should not impact on the survivability of the charity. Despite the fact that the charity has net current liabilities of £45,395 at 31 August 2021 (2020 – net current liabilities of £14,805), the Council members are of the opinion that the charity will have sufficient resources to meet its liabilities as they fall due.

The net current liabilities position is due to advanced payments received for 2021/22 annual accreditation fees. The most significant areas of judgement that affect items in the financial statements are detailed above. With regard to the next accounting period, the year ending 31 August 2022, the most significant areas that affect the carrying value of the assets held by the charity are the level of investment return and the performance of the investment markets (see the investment policy of the Report of the Council for more information).

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

Income comprises fees from inspections and accreditations, consultancy contracts, investment income and grants.

Accreditation and inspection fees are recognised when they have been earned. For inspection fees, entitlement is measured with reference to the date that the inspection takes place.

Income of a contractual nature is recognised to the extent that it is probable that the economic benefits will flow to the charitable company and the revenue can be reliably measured. It is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value-added tax and other sales taxes.

Dividends are recognised once the dividend has been declared and notification has been received of the dividend due. Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charitable company; this is normally upon notification of the interest paid or payable by the bank.

Donations and grants are recognised on a receivable basis (where there are no performance-related conditions) where the receipt is probable and the amount can be reliably measured.

Expenditure recognition

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

Expenditure is classified under headings that aggregate all costs related to the category. Where costs cannot be directly attributed to particular headings, they have been allocated to activities on a basis consistent with the use of resources.

Governance costs, comprising the costs involved in the public accountability of the charity (including audit costs) and costs in respect to its compliance with regulation and good practice, are allocated to the cost of charitable activities.

Tangible fixed assets

Items are capitalised where the purchase price exceeds £250. Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Computer equipment and office furniture	33% on cost
Fixtures and fittings	Straight line basis over the lease term (44 months).

Fixed asset investments

Fixed asset investments consist of listed investments.

Listed 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.

The main form of financial risk faced by the charity is that of fluctuations in equity and investment markets due to wider economic conditions, the attitude of investors to investment risk, and changes in sentiment concerning equities within particular sectors or sub sectors.

Realised gains (or losses) on investment assets are calculated as the difference between disposal proceeds and their opening carrying value, or their purchase value if acquired subsequent to the first day of the financial year. Unrealised gains and losses are calculated as the difference between the fair value at the year end and their carrying value at that date. Realised and unrealised investment gains (or losses) are combined in the statement of financial activities and are credited (or debited) in the year in which they arise.

Debtors

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

Cash at bank and in hand

Cash at bank and in hand represents such accounts and instruments that are available on demand or have a maturity of less than three months from the date of acquisition. Deposits for more than three months but less than one year have been disclosed as short-term deposits.

Creditors and provisions

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

Taxation

The British Accreditation Council is a registered charity and therefore is not liable to income tax or corporation tax on income derived from its charitable activities, as it falls within various exemptions available to registered charities.

Fund accounting

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the Council members.

The fixed asset fund represents the net book value of the fixtures, fittings and office furniture of the charity. Such assets are vital to the charity being able to carry out its work and the value invested in the assets cannot, therefore, be realised in order to meet future expenditure or liabilities. To emphasise this point, the net book value of the assets is represented by a specific fixed asset fund on the balance sheet.

Pension costs and other post-retirement benefits

The charity operates a defined contribution pension scheme. Contributions payable to the charity's pension scheme are charged to the statement of financial activities in the period to which they relate.

1 Income from charitable activities – Accreditation and inspection fees

	2021 **£**	2020 £
Accreditation Fees UK	**374,157**	460,610
Inspection Fees UK	**203,471**	214,688
Application Fees	**7,500**	7,000
Educational Consultancy Income	**—**	38,460
Other Fees	**25,185**	37,010
	610,313	757,768

2 Investment income

	2021 **£**	2020 £
Interest receivable	**18**	342

3 Expenditure on:

		Support costs				
	Direct costs £	Running costs £	Finance £	Staff costs £	**2021 Total £**	2020 Total £
Raising funds						
. Investment manager fees	2,007	—	—	—	**2,007**	1,959
Accreditation and inspection:						
. Accreditation and inspection delivery	112,092	96,567	1,059	390,189	**599,907**	744,974
. Bad debts	1,291	—	—	—	**1,291**	6,009
. Governance (note 4)	—	36,732	—	—	**36,732**	24,321
	115,390	133,299	1,059	390,189	**639,937**	777,263

		Support costs				
	Direct costs £	*Running costs £*	*Finance £*	*Staff costs £*	*2020 Total £*	*2019 Total £*
Raising funds						
. Investment manager fees	*1,959*	*—*	*—*	*—*	*1,959*	*1,992*
Accreditation and inspection:						
. Accreditation and inspection delivery	*169,155*	*200,256*	*583*	*374,981*	*744,974*	*872,532*
. Bad debts	*6,009*	*—*	*—*	*—*	*6,009*	*1,405*
. Governance (note 4)	*—*	*21,930*	*—*	*2,390*	*24,321*	*25,514*
	177,123	*222,186*	*583*	*377,371*	*777,263*	*901,443*

4 Governance costs

	2021 **£**	2020 £
Legal and professional fees	**23,052**	8,747
Council expenses	**—**	3,443
Accountancy fees	**2,000**	2,390
Auditor's remuneration	**11,680**	9,740
	36,732	24,321

5 Net expenditure

	2021 £	2020 £
Net expenditure is stated after charging:		
Auditor's remuneration – statutory audit		
. Current year	**8,900**	8,500
. Prior Year	**1,680**	1,240
Depreciation	**7,184**	7,020

6 Transactions with Council members' and key management personnel

The Council members consider that they, together with the Chief Executive and Chief Inspector, comprise the key management personnel of the charity. The total remuneration of the key management personnel for the year (including taxable benefits and employer's pension and national insurance contributions) was £143,752 (2020 - £132,496).

Council members received no remuneration or other benefits for the year ended 31 August 2021 (2020: none)

No expenses were reimbursed to the Council members for out-of-pocket expenses (2020 - £2,261 to 9 Council members).

7 Staff costs

	2021 £	2020 £
Wages and salaries	**321,254**	311,889
Social security costs	**30,548**	28,751
Pension costs	**30,004**	29,042
Agency & Freelance staff	**8,832**	7,689
	390,638	377,371

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

	Average headcount	
	2021 No.	2020 No.
Administration/ management	**5**	4
Inspection	**2**	2
Accreditation	**2**	3
	9	9

The number of employees who earned £60,000 per annum or more (including taxable benefits but excluding employer pension contributions) during the year was as follows:

	2021 No.	2020 No.
£70,001 - £80,000	**1**	1

8 Tangible fixed assets

	Computer equipment and office furniture £	Fixtures and fittings £	**Total £**
Cost			
At 1 September 2020	72,600	—	**72,600**
Additions	—	16,208	**16,208**
At 31 August 2021	72,600	16,208	**88,808**
Depreciation			
At 1 September 2020	61,074	—	**61,074**
Charge for the year	5,023	2,161	**7,184**
At 31 August 2021	66,097	2,161	**68,258**
Net book value			
At 31 August 2021	6,503	14,047	**20,550**
At 31 August 2020	11,526	—	**11,526**

9 Fixed assets investments

	2021 £	2020 £
Market value		
At 1 September 2020	**1,105,131**	1,098,543
Additions at cost	**277,331**	114,620
Disposal at opening market value (proceeds £279,337; gain £13,058)	**(266,279)**	(119,546)
Net unrealised gain	**159,871**	11,514
At 31 August 2021	**1,276,053**	1,105,131
Cost		
At 31 August 2021	**984,192**	924,968
At 31 August 2020	**924,968**	951,621

	Total 2021 £
Unrealised gains included above on listed investments (see below)	**292,496**
Reconciliation of movements in unrealised gains on investments	
Unrealised gains at 1 September 2020	**185,089**
Unrealised losses brought forward and gains realised in the year	**(52,464)**
Net unrealised gains in the year	**159,871**
Unrealised gains at 31 August 2021	**292,496**

9 Fixed assets investments (continued)

The following holdings comprised a material holding when compared to the value of the total listed investment portfolio at 31 August 2021:

	Market Value	%
FP CAF UK Equity C Acc	**207,791**	**16%**
FP CAF International Equity C Acc	**494,560**	**39%**
FP CAF Alternative Strategies C Acc	**437,148**	**34%**

Listed investments held at 31 August 2021 comprised the following:

	2021 £	2020 £
UK Equities	**207,791**	187,753
Overseas Equities	**494,560**	421,381
Alternative Strategies	**437,148**	303,571
UK fixed interest	**—**	192,424
Capital Cash Account	**136,555**	—
	1,276,053	1,105,129

10 Debtors: amounts falling due within one year

	2021 £	2020 £
Charitable activity debtors	**7,790**	62,462
Prepayments and accrued income	**13,699**	19,043
	21,489	81,505

11 (A) Creditors: amounts falling due within one year

	2021 £	2020 £
Charitable activity creditors	**5,615**	12,528
Social security and other taxes	**9,430**	47,273
Accruals	**30,773**	44,455
Deferred income	**204,554**	229,072
Other creditors	**1,016**	876
	251,389	334,204

Deferred income relates to inspection fees received in advance of inspections taking place. Movements on deferred income are shown below:

	2021 £
Deferred income at 1 September 2020	**229,072**
Resources released in the year	**(229,072)**
Resources deferred in the year	**204,554**
Deferred income at 31 August 2021	**204,554**

11 (B) Creditors: amounts falling due after one year

	2021 £	2020 £
Provisions	**9,310**	3,278
	9,310	3,278

12 Fixed asset fund

	Total £
At 1 September 2020	**11,526**
Net movements in year	**9,024**
At 31 August 2021	**20,550**

The fixed assets fund represents the net book value of the charity's fixed assets. The fund recognises the fact that the assets are required for the day-to-day operation of the charity and are not available for other purposes or as a general reserve.

13 Related party transactions

Dr Esther Huertas is on the council of trustee for BAC and European Network for Quality Assurance in Higher Education (ENQA). The BAC are a registered member association of ENQA and make annual payments for membership and recognise a constructive obligation to undergo a membership review every 5 years. Total expenditure to ENQA during the year was £4,041 and a provision of £6,032 has been recongised (2020: £3,915 expenditure and a provision of £3,278). There are no other outstanding balances at the end of the year.

Council of Validating Universities has a secretariat agreement with the BAC, as a result of this relationship Dr Janet Bohrer has been appointed as secretary of CVU, the reason for this is so she may carry out the obligations agreed between CVU and BAC, only when instructed by the council members of CVU. The total Income received by the BAC is £18,644 (2020: £ 27,013), There are no outstanding debts due at the end of the year.

Other than as set out above and in note 6, there were no other transactions between the charity and any of its related parties.

14 Ultimate controlling party

The charity is under the ultimate control of the Council members.

15 Financial commitments

At 31 August 2021 the charity had total commitments under non-cancellable operating leases as follows:

	2021 Land and buildings £	2020 Land and buildings £
Operating lease payable		
Within one year	**42,373**	—
Between 2 to 5 years	**98,213**	—

British Accreditation Council for Independent Further and Higher Education

Annual Report and Financial Statements

31 August 2021

Company Registration Number
01828990 (England and Wales)

Charity Registration Number
326652

BRITISH ACCREDITATION COUNCIL

http://www.the-bac.org/

Reference and administrative details

Members of the Council		Dominic Scott OBE (Chairman) Prof David Law (Deputy Chair) Marc Griffith Dr Esther Huertas Dr Anthony Manning Kevin Everett Prof. Mary Bishop Dr Stephen Jackson (Honorary Treasurer) Dr. Victoria Stec MD. Mahbubal Alam (Student member - Appointed 1 Oct 2021) Dr. Nicola Mellor (Appointed 1 Oct 2021)
Company Secretary		Dr Janet Bohrer
Registered office		C/O Buzzacott Llp 130 Wood Street London EC2V 6DL
Company registration number		01828990 (England and Wales)
Charity registration number		326652
Auditor		Buzzacott LLP 130 Wood Street London EC2V 6DL
Solicitor		Bates Wells and Braithwaite London LLP 10 Queen Street Place London EC4R 1BE
Banker		CAF Bank 25 Kings Hill Avenue West Malling Kent ME19 4JQ

Investment manager		Aberdeen Standard Capital 1 George Street Edinburgh EH2 2LL

Reference and administrative details

Key Management Personnel		Dr Janet Bohrer Diana Morriss (Chief Inspector)

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The members of the Council present their annual report together with the audited financial statements of the British Accreditation Council for Independent Further and Higher Education ('British Accreditation Council' or 'BAC') for the year ended 31 August 2021.

The financial statements have been prepared in accordance with the accounting policies set out on page 26 to 29 therein and comply with the charitable company's Memorandum and Articles of Association, applicable laws and the requirements of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102).

This report has been prepared in accordance with Part 8 of the Charities Act 2011 and constitutes a directors' report for the purposes of company legislation.

Structure, governance and management

The British Accreditation Council was incorporated on 29 June 1984 (Company No 1828990) and registered as a UK charity on 28 August 1984 (Charity No 326652). It is limited by guarantee without share capital. The liability of the members is limited to £10 each and accumulated funds are not distributable to the members.

The governing instrument under which the Company operates is its Memorandum and Articles of Association. Amended Articles of Association were approved by the charity on 19 October 2017 and 2 April 2018 by special resolution. The Articles of Association were reviewed in April 2021 and were considered fit-for-purpose.

The directors are treated as trustees for Charities Act purposes.

Members of the Council

The members of the Council are the Board of Trustees. The trustees who served during the year, and up to the date of approval of this report, are shown in the reference and administrative details at the front of this report.

The Articles of Association provide for a maximum of twelve directors. The trustees may appoint any director as a member of the Board of Trustees. The chair and deputy chair are appointed by the Board from among its members.

One member of Council resigned during this financial year.

Induction and training of Council members

At the recruitment stage potential Council members are given extensive information about the organisation and are fully informed of the purpose and charitable objectives of BAC. Potential trustees are then invited to meet with the Standing Committee to discuss the challenges facing the organisation and their potential contribution to the charity.

Structure, governance and management (continued)

Statement of Council's responsibilities

The Council members (who are also directors of the British Accreditation Council for Independent Further and Higher Education for the purposes of company law) are responsible for preparing the annual 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 Council members to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the income and expenditure of the charitable company for that period.

In preparing these financial statements, the Council members are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable to the United Kingdom and Republic of Ireland (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

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

Each of the Council members confirms that:

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

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

Structure, governance and management (continued)

Statement of Council's responsibilities *(continued)*

The Council members 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.

Governance

The governance structure consists of the Council, which is formed of the trustees, and acts as the Board of Directors. The Council meets three times a year. An Audit Committee provides financial and regulatory oversight. The Standing Committee is a subcommittee of the Council. The Standing Committee meets between Council meetings and more regularly during the pandemic than previous years to provide continuity and support the charity. The Standing Committee has, as members, the Chair of the Council, the Deputy Chair of the Council and the Honorary Treasurer. Duties of Nominations and Governance are discharged by the Standing Committee.

The Chair of the Council is Dominic Scott OBE.

The responsibility for decisions on accreditation is overseen by the Accreditation Committee (AC). The AC is appointed by the Council and consists of members appointed by virtue of their experience and expertise with regard to educational standards. Dr Anthony Manning has been appointed as the Chair of the Accreditation Committee, taking over on the same day Dr Ann Read stepped down (resigned 14 October 2021). The Accreditation Committee receives the reports of completed inspections and takes decisions on the award or withdrawal of accreditation, making its recommendations based on BAC's accreditation policy and procedures. It also regularly reviews the quality assurance criteria used by inspectors in making judgements and recommendations. The Committee had seven meetings this year.

Key management personnel

In the period of review, Council members consider that they, together with the Chief Executive, and the senior management team comprise the key management personnel of the charity. None of the Council members receive any remuneration from the charity in connection with their role as Council members.

There was no pay review for the CEO in the year and a pay freeze for BAC staff in the year.

Other transactions with members of the Council are disclosed in note 6.

Public benefit

The Council members have taken into regard the Charity Commission's guidance on public benefit and that all the Council's activities are directed to fulfilling its charitable objects of the improvement and maintenance of standards in independent further and higher education and training and that in doing so it is working for the public benefit. Some of these benefits are given below:

Structure, governance and management (continued)

Public benefit *(continued)*

- BAC inspections helps HM Government to protect the reputation of further and higher education and training in the UK by providing independent judgments, made on the basis of inspection by qualified and experienced inspectors, of the quality of provision of private institutions of further and higher education and training.

- The BAC accreditation mark provides students and potential students with an indication of quality.

- The information, marketing and promotional work undertaken ensures that international students, agents and the education sector as a whole are aware of the range of institutions and courses available.

- Training events and seminars assist in the professional development of staff and institutions, thereby improving the quality of provision.

- The valued advice and support offered to institutions through informal and formal avenues provide them with guidance regarding good and best practice, thus helping to raise standards of provision.

- The complaints procedure provides students with a free and accessible means of resolving disputes with accredited institutions.

Fundraising statement

The charity does not actively undertake fundraising activities and does not employ the services of Professional Fundraisers. During 2020/21, the charity received no complaints about its fundraising activities.

Objectives and activities

The British Accreditation Council for Independent Further and Higher Education is registered for charitable purposes and its objects are:

- providing a system of accreditation for educational and training institutions in order to promote public confidence in such institutions and their programmes of study; and

- assisting in the improvement and maintenance of the standards of accredited institutions through the offer of advisory and consultancy services principally in the field of further and higher education.

Achievement and performance

Accreditation and inspection activity

The table below gives details of the applications received, inspections carried out and awards of accreditation in the period September 2020 to August 2021 and compares these with the figures from the previous year.

	September 2020 to August 2021	**September 2019 to August 2020**
New institutions awarded accreditation – UK	13	13
New institutions awarded accreditation – overseas	1	6
Total number of accredited institutions	213	225
Withdrawals	24	18
Overseas accredited institutions	34	33
Applications received from new institutions	14	15
Inspections conducted	93	100

Progress made: BAC's objectives 2020-21

With regard to BAC's objectives for 2020/21 the following progress has been made:

Area	**Objective**	**Progress**
STRATEGY	Developing and reinforcing BAC strategic directions	Development of the strategic plan started in September 2021 and expected to be published by March 2022.
	Revising the Standards Framework to apply for all BAC schemes Unifying Schemes under the revised Standards Framework	BAC completed conversations with Inspectors and Providers about creating an overarching framework of Standards under which all BAC inspection schemes could be aligned. Phase two of the project is in the planning phase.

Achievement and performance (continued)

Progress made: BAC's objectives 2020-21 *(continued)*

	Strengthening the BAC community through national, European and international initiatives.	The BAC webinar series for 2021 was published in January 2021 attracting over 120 delegates. A series of free facilitated workshops were offered to providers between October 2020 and June 2021 supporting a quality assurance enhancement agenda. BAC secured the chairmanship of an ENQA project about micro credentials. BAC will take the responsibility for the timely and successful delivery of the project output and will host the final dissemination event at Wax Chandlers Hall London in Autumn 2022. BAC staff and Council members were encouraged to attend online Quality Assurance events to support their development and engagement in the wider quality assurance debates. This activity is recorded on the CPD database and will continue to be encouraged.
GOVERNANCE	Reviewing and maintaining of Committees -Council -Standing Committee -Audit Committee -Accreditation Committee	New role of Governance and Business Development Manager started in April 2021. The Articles of Association were reviewed in April 2021 and were considered fit-for-purpose. A review of Terms of Reference was started with the goal to have this completed for final Council approval in June 2022. New members of Council and the Accreditation Committee were appointed, including a student member for each. Their tenure started in September and October 2021.
INSPECTIONS	Maintaining and digitalising processes	Processes and inspections continued online in a way which maintains a robust approach to quality and standards for the foreseeable future. We supported our inspectors with this move to online processes through an online training event held in October 2020 also attended by members of Council and the Accreditation Committee. This complete move to online was considered a short-term solution with a more hybrid approach to site visits starting from November 2021.

Achievement and performance (continued)

Progress made: BAC's objectives 2020-21 *(continued)*

	Scheme Reviews and Thematic Reviews	A working group made up of BAC staff, inspectors, providers and other stakeholders undertook a review of the ODBL scheme during 2019-2020 and the updated scheme was launched ready for use from September 2020.
OPERATIONS	Re-evaluating job posts and responsibilities	Staff evaluations were completed and amendments to contracts were produced and signed where necessary. A letter stating the annual salary and benefits of employment were issued at the beginning of the financial year to all staff. The annual leave entitlement and amount of rollover was adjusted to take account of the pandemic.
	Annual Audit of financial accounting	Following the Annual Financial Audit the first BAC annual report was designed and circulated with the annual invoice requests for accreditation fees. It is proposed to make this a regular publication.
	Securing premises including H&S	New office premises at Wax Chandlers Hall was sourced and the lease signed from 15th January 2021 to the 24 Dec 2024. BAC developed the 'Back to Office Working Plan' and appropriate Health and Safety and covid secure audits have taken place. Office staff returned to some limited office working from 19 July 2021, working in two operational bubbles for the first six weeks with cleaning between each bubble work days. A review took place in September 2021 and flexible working arrangements remained in place.

Risk management

The Council members have a duty to identify and review the risks to which the charity is exposed and to ensure appropriate controls are in place to provide reasonable assurance against fraud and error. The Council members delegate ongoing oversight to the Audit Committee for annual review to Council or reporting by exception. The members of Audit Committee are satisfied with the measures employed to assess and address identified risks.

Risk management (continued)

The Council members have identified the key risks to the charity as:

Identified Risk	Mitigating Actions
Change in government short term study student visa regime (STSV)	BAC has developed a range of value-added products including webinars and the Marketing Pack to attract and retain providers and reducing susceptibility to withdraw in the extreme event of BAC losing its STSV status; BAC has significantly increased due diligence in accepting new and reaccreditation applications and developed and implemented a more rigorous inspection process in order to build and maintain confidence in the inspection and accreditation process; and BAC are diversifying income streams to reduce reliance on the UK market and limit the impact of an unexpected change in government policy.
Loss of key staff	We have developed Standard Operating Procedures (SOPs)for common processes so that other members of staff can take over when a staff member leaves BAC; We have improved the quality of training to disseminate skills and good practice within the organisation; We have improved internal communication within the organisation to help engage staff; We are working to offer staff the opportunity to work on across the organisation, so they develop their knowledge and skills across all BAC processes and increase BAC's resilience; We are adopting a more entrepreneurial operating environment offering increased responsibility for all staff; and Pay and other fiscal rewards are competitive with competing organisations and where possible we have adopted a flexible working policy.

Risk management (continued)

Identified Risk	Mitigating Actions
Financial loss arising out of financial impropriety	BAC maintains a large financial reserve equivalent to 18 months of operating costs; BAC has extensive and transparent financial controls and has chosen to adopt an external auditing policy which exceeds legal requirements; BAC has independent auditors who have a reputation for independence and rigour; and There is a division of responsibility with the Finance Section and we have a BAC external auditor scrutinizing BAC finances and budgets.
Competition increases in the quality assurance arena	BAC conducts regular reviews of BAC processes to ensure they meet the needs of external stakeholders; BAC continues to develop products and processes to ensure they remain world leading in terms of quality assurance; We are working to improve the BAC profile in all markets in which we operate; BAC have built and continue to build and develop links with stakeholders through webinars, the Newsletter and the Provider Journey; BAC maintain strict cost controls to allow competitive prices to be offered to existing and new providers; BAC are increasing investment in developing and promoting BAC across all markets.

Risk management (continued)

Identified Risk	Mitigating Actions
Reputational damage arising out of inappropriate activity or behaviour	BAC has embedded integrity and transparency across all activities; All BAC representatives are DBS checked when working with under 18s; BAC has produced clear inspection guidelines and conducts monitoring inspections to ensure they are adhered to; The Bribery and Anti-Corruption policy is strictly enforced and monitored; BAC adheres to all aspects of competition law and all staff, trustees and committee members fully understand CMA requirements; There is ongoing training of all BAC staff and associates to embed and instill the values and expectations of the organisation; BAC has the necessary legal insurance requirements and professional indemnity cover to provide financial support in the event BAC is accused of acting inappropriately.
Catastrophic infrastructure failure	All data is now backed up offsite with very limited held only in the BAC offices; Key IT infrastructure is now in the Cloud with greater security and multiple backup processes In the event of damage to premises BAC telephone services can be rerouted to temporary accommodation Financial information is now held in the Cloud via Xero and is considered to be as secure as is feasibly possible for an organisation of BAC's size.
Regulatory Framework changes	We maintain awareness of the political debate; We identify possible outcomes of different scenarios; and We review the impact of possible scenarios on a regular basis to monitor the impact on BAC accredited institutions or on the impact on BAC's right to conduct accreditation activities.

Risk management (continued)

Identified Risk	Mitigating Actions
Significant and prolonged downturn in stock markets negatively impacting BAC investments and reducing capital to invest	We take expert advice on management of BAC investments.
Loss of ENQA Membership/ EQAR Listing	We have given responsibility for ENQA/EQAR oversight to a designated member of staff who reports directly to the Standing Committee on ENQA/EQAR compliance; We give the member of staff the necessary time and resources to attend ENQA events and to keep up to date with ENQA/ EQAR membership/ listing requirements; and We review BAC procedures to make sure they are ENQA complaint on a regular basis.
International Recession	We maintain awareness of leading economic indicators; We maintain close links with the sector to monitor sector feedback; We continue to provide added value activities thereby increasing the value of BAC accreditation; and We continue to communicate the value of accreditation to BAC providers, educators, students and governments.

Operational response to the COVID-19 pandemic was as follows:

- BAC developed the 'Back to Office Working Plan' and appropriate Health and Safety and Covid secure audits took place. Office staff returned to some limited office working from 19 July 2021, working in two operational bubbles for the first six weeks with cleaning between each bubble workdays and reviewed after six weeks. Flexible working arrangements remains in place.

- Processes and inspections continued online in a way which maintains a robust approach to quality and standards for the foreseeable future. We supported our inspectors with this move to online processes through an online training event held in October 2020 also attended by members of Council and the Accreditation Committee. This complete move to online was considered a short-term solution. From November 2021, BAC introduced a hybrid approach to inspections involving the use of both online and onsite inspection activities. However, we also retain the options of carrying out inspections totally onsite as well as totally online. Decisions about what approach to use will be based on a set of objective criteria, in order to ensure consistency.

Risk management (continued)

- BAC staff continued to prioritise the support of our community with pragmatic solutions (e.g. FAQs on our website, offering individual discussions for providers with BAC staff and offering discounts/payment plans for inspections and accreditation fees where Provider business had been seriously curtailed).

- We offered our Accredited Providers a free facilitated workshop Building on lessons Learned: From Emergency Response to Planned Action in October 2020.

- A series of free facilitated workshops were offered to Providers between October 2020 and June 2021.

- BAC staff and Council members have been encouraged to attend online Quality Assurance events to support their development and engagement in the wider quality assurance debates.

Covid-19 Impact on Financial Controls

There has been very little impact to the day to day financial control of the charity. The financial processes are all paperless and managed through Cloud software, allowing the financial controls to function as normal.

The Audit Committee has increased the levels of supervision on cashflow in response to the increased liquidity risk; the charity has taken steps to ensure that liquidity of funds does not impact the day to day running of the operations.

Covid-19 Impact on Financial Performance

Covid-19 has had a significant impact on the financial performance of the charity.

As a result of the imposed government restrictions, many providers have had reduced numbers of students enrol which has impacted on their income, we have seen an increased number of withdrawals from schemes, as well as an increase in requests by client institutions to be placed on dormancy or to arrange payment plans.

BAC has carefully considered these requests and has supported providers who currently need the most financial support.

Also in response to the Covid-19 restrictions, BAC has been required to postpone a number of inspections.

The impact of Covid-19 has led to lower than expected income and has also impacted on the charities cash flow.In response, the charity has taken steps to ensure that there are sufficient levels of cash available. As to the long-term impact to income, we believe the charity will see a short period of reduced income, but it is believed the pandemic should not impact on the survivability of the charity.

Financial review

A summary of the year's results can be found on page 23 of the financial statements. The deficit for the year before gains on investments was £29,606 (2020 – £9,153).

The operational deficit has increased by over £20,000 for two key reasons:

(1) Reduced income from accreditation fees and lower number of inspections taking place and,

(2) increased expenditure on providing new workshops and services to providers free of charge.

The impact of these expenditures has been minimised by savings gained from reduced premises costs and the benefits gained from online working and new streamlined processes. In the future we expect to generate more income from providers as Covid-19 restrictions are lifted and providers return to normal activity. We also hope to generate new revenue streams, for example by charging a fee for providing workshops to providers.

The net surplus for the year was £143,324 after gains on investments of £172,930 (2020 – deficit for the year was £607 after gains on investments of £8,546).

Income

Accreditation fees

BAC took the decision not to raise fees again this year.

Overall accreditation fee income has decreased by approximately 19%, 2021 - £374,157 (2020 – £460,610). This is largely due to the fact that many providers have either not been able to continue to operate, have paused operations or have seen a reduced number of student enrolments. Some providers have opted to withdraw or a number have opted to place their accreditation on dormancy until Covid-19 pandemic restrictions are no longer in place.

Inspection Fees

Inspection fee income has reduced in the year by 5% (2020 40%), this is a result of the change in schedule for planned inspections. Approximately 60 inspections have been planned and likely to take place in the following year. The change in income is not likely to impact the organisation, as the expenditure will have also reduced in line with this.

Other Income

Fixed asset investment income has been stable and has gained in value with net gain for the year is £172,930. As the current market is showing high levels of volatility, the Audit Committee has taken action to ensure there is a high level of oversight on investment performance to safeguard the charity’s assets.

Expenditure

Charitable Activities

Direct expenditure this year included the cost of a new activity, offering workshops to providers on a range of issues. This increased direct expenditure, but due to savings gained from the online inspection procedures, the overall expenditure reduced by 33%, 2021 – £112,092 (2020 - £169,155).This is likely to increase in the following year when Covid-19 pandemic restrictions are lifted and the delayed inspections have taken place.

Staff Costs and Running Costs

Staffing costs have reduced by 1%, 2021 – £390,638 (2020 - £395,893).

Running costs and other support costs have also been reduced by 40% for the year, 2021 - £133,299 (2020 - £227,119). This reduced expenditure is largely a result of leaving the previous office, as the lease had ended and had taken approximately six months to find a new premises, saving on rent and general office expenditure. This had no impact on the operations as staff had already been working from home due to the lockdown, it is likely this will increase in the following year.

Investment policy

The value of BAC's investments, a mixture of equities and fixed income, grew to £1,276,053 in 2021 (2020 - £1,105,131). BAC's investments were held in a managed investment portfolio by Octopus Investments Ltd up to 31 March 2021 and was then replaced by Aberdeen Standard Capital (Charities Aid Foundation Managed Portfolio Service – Progressive Capital Growth Account).

The investment policy aims to generate capital growth over the medium to long term, without exposing BAC to the risks and volatility associated with a wholly equity focused portfolio. The Council members are satisfied with the performance of the investment portfolio during the year.

The charity also has cash at bank and in hand of £184,503 (2020 – £237,895). The liquidity risk is managed by maintaining a balance between the continuity of funding and flexibility of access to funds.

Reserves policy

The Council members consider that free reserves of the charity should represent at least six months' expenditure, equating to approximately £450,000, to ensure that the organisation can cope with all financial commitments without recourse to borrowing.

The free reserves on 31 August 2021 were £1,221,348 (2020 – 1,087,048) which exceeds the target level of reserves stated in the reserves policy. However, the Council members consider it appropriate to hold reserves in excess of the target, in consideration of the strategic objectives to be achieved and forecasted financial position over the short, medium and long term along with the consequences of the pandemic, and the reserves policy reflects only the minimum level of free reserves required.

Expenditure (continued)

Reserves policy *(continued)*

Over the forthcoming coming year, the Council will give due consideration if required to mitigate against any loss of funding due to the number of providers unable to operate during the pandemic. It is possible the effects of the crisis may be felt by BAC as a secondary response to providers having to close. However, we monitor the situation carefully and to date no reserves have been required.

The Council have given their approval to consider using some of the reserves of the charity to invest in growth over the next five years, in line with the strategic plan. A financial deep dive took place on 9 December 2021 to ensure that the strategic objectives are matched by our ongoing financial strategies.

Future plans

During Autumn 2021, a new Strategic Plan for the following five years is being developed for approval by Council at the February 2022 meeting.

BAC staff moving to home working meant some project plans such as the alignment of BAC overarching Standards slowed and others such as online ways of working increased in speed of development. During the summer of 2021 some reconciliation and evaluation took place.

BAC learning from the pandemic responses resulted in hybrid approaches to future office working, Committee / Council meetings and inspections from September 2021. 'Return to office working arrangements' were reviewed in September 2021 with flexible working now embedded within the BAC culture and a hybrid approach to inspection methodology presented at the annual inspector's event and Council during October 2021.

The development of the next BAC strategic plan consolidates previous strategic direction but is being influenced by three elements of sound business practice**: Environmental, Societal and Governance factors** with the proposed actions planned for the following three years influenced by these dimensions.

Future plans (continued)

BAC objectives for 2021-22 are as follows

Objectives	**Proposed actions**
BAC will **invest in growth** by expanding products and services to add value to current accredited providers and to attract a wider range of new providers	- Completion of the Standards Review project and creation of an overarching framework of standards. - Additional promotion of the BAC brand to assist providers' marketing and competitive advantage. - Further activities focused on quality enhancement or best practice support for providers. - Addition of a liaison scheme. - Addition of subject level accreditation/micro credentials scheme. - Support/learning/training for providers wishing to enhance their engagement and support of students.
BAC will continue to promote and be active in the quality assurance **Community**	- Webinar series, publications, facilitated workshops, and other enhancement activities - Stakeholder events - Development of an online learning platform potential behind a pay wall - Attendance and contribution of papers and presentations at conferences - Participation in working groups and regulatory meetings (incl. government as appropriate).
BAC will continue to **Grow and Diversify** especially Global and European activities	- Building on successful inspections overseas e.g. Nepal developing regional activities and potential working with Ministries through free and paid projects. -Developing a portfolio of activities to actively promote BAC. - Actively engaging with ENQA e.g. chairing the ENQA working group on micro credentials. - Development of a Seed Funding opportunity for providers. Small grants for teaching and learning initiatives with the proviso sharing the results with the wider community.

Future plans (continued)

BAC objectives for 2021-22 are as follows *(continued)*

Objectives	**Proposed actions**
BAC will actively engage in the developmental of its **Ethical responsibilities**	- A review of our investments. - A review of our policies and working practices. - Calculating our carbon footprint and taking steps towards zero carbon emissions. - Implement ways in which we can lead in the promotion of environmental responsibility and being open about our sustainable development goals.
BAC will continue to develop good practice in its use of **integrated use of the data and information** collected from BAC inspections and other work	- The purchase and use of a CRM system and development of more detailed financial information to make inspection and accreditation fees more transparent. - Moving to collecting reports for inspections through using Sharepoint and all information uploaded to an online portal. - Using thematic reports to influence the direction for development of inspection methodologies as well as themes for enhancement workshops. - Governance reviews as endorsed by Charities Good Practice and as preparation for increased work with a potential growth of activities. Potential use of governance software managing Council and Committees.

Going Concern

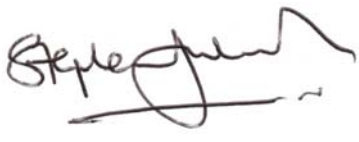
The Trustees are required to confirm that it is appropriate for the BAC to adopt the going concern principle in preparing its accounts. Based on the viability review and taking into consideration the BAC closing reserves and strong cash position, the Trustees of the British Accreditation Council have reasonable expectation that the charity will continue to operate for the 12 months from the signature of this report.

As such the Trustees of the BAC continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Approved by the Council on

10 February 2022

and signed on its behalf by:



Independent auditor's report to the members of British Accreditation Council

Opinion

We have audited the financial statements of British Accreditation Council (the 'charitable company') for the year ended 31 August 2021 which comprise the statement of financial activities, the balance sheet, the statement of cash flows, the principal accounting policies and notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31August 2021 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusion relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Annual Report and Financial Statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the trustees' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the trustees' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the trustees' report and from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

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

- the Senior Statutory Auditor ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations; and

- we obtained an understanding of the legal and regulatory frameworks that are applicable to the charitable company and determined that the most significant frameworks which are directly relevant to specific assertions in the financial statements are those that relate to the reporting framework (Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), Companies Act, and the Charities Act 2011) as well as data protection and safeguarding regulations.

Auditor's responsibilities for the audit of the financial statements (continued)
We assessed the susceptibility of the charity's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

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

- performed analytical procedures to identify any unusual or unexpected relationships;
- carried out substantive testing of expenditure including the authorisation thereof;
- reviewed journal entries to identify unusual transactions and substantiated these where appropriate; and
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias.

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

- review of the minutes of meetings of those charged with governance; and
- enquiring of management as to actual and potential litigation and claims.

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

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

A further description of our responsibilities 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 member, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's member those matters we are required to state to it 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 member, for our audit work, for this report, or for the opinions we have formed.

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

Date: 16 February 2022

Statement of financial activities (including income and expenditure account) Year to 31 August 2021

	Notes	**Total 2021 £**	Total 2020 £
Income from:			
Donations and grants		**—**	10,000
Charitable activities			
. Accreditation and inspection fees	1	**610,313**	757,768
Investments	2	**18**	342
Total income		**610,331**	768,110
Expenditure on:			
Raising funds		**2,007**	1,959
Charitable activities			
. Accreditation and inspection		**637,930**	775,304
Total expenditure	3	**639,937**	777,263
Net expenditure before gains on investments		**(29,606)**	(9,153)
Gains on investments	9	**172,930**	8,546
Net expenditure and net movement in funds		**143,324**	(607)
Reconciliation of funds			
Total funds brought forward		**1,098,574**	1,099,181
Total funds carried forward		**1,241,898**	1,098,574

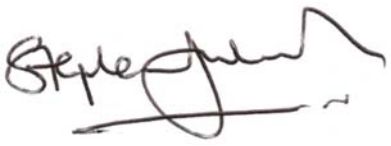
All of the charity's activities derived from continuing operations during the above two financial periods.

The charity has no recognised gains or losses other than those shown above.

Balance sheet 31 August 2021

	Notes	2021 £	2021 £	2020 £	2020 £
Fixed assets					
Tangible fixed assets	8	**20,550**		11,526	
Investments	9	**1,276,053**		1,105,131	
			1,296,603		1,116,657
Current assets					
Debtors	10	**21,489**		81,505	
Cash at bank and in hand		**184,503**		237,895	
		205,993		319,400	
Creditors: amounts falling due within one year	11(a)	**(251,389)**		(334,205)	
Net current liabilities			**(45,395)**		(14,805)
Creditors: amounts falling due after one year	11(b)		**(9,310)**		(3,278)
Total net assets			**1,241,898**		1,098,574
The funds of the charity					
Unrestricted funds					
. General funds			**1,221,348**		1,087,048
. Tangible fixed asset fund	12		**20,550**		11,526
Total funds			**1,241,898**		1,098,574

The financial statements were approved by the Council and were signed on its behalf by:



Date: 10 February 2022

Company Registration Number 01828990 (England and Wales)

Statement of cash flows Year to 31 August 2021

	Notes	2021 £	2020 £
Cash flows from operating activities:			
Net cash used in operating activities	A	**(37,201)**	(73,425)
Cash flows from investing activities:			
Purchase of tangible fixed assets		**(16,208)**	(10,321)
Investment income received		**18**	342
Proceeds from sale of investments		**277,330**	116,579
Purchase of investments		**(277,331)**	(114,620)
Net cash used in investing activities		**(16,191)**	(8,020)
Change in cash and cash equivalents in the year		**(53,392)**	(81,455)
Cash and cash equivalents at 1 September 2020	B	**237,895**	319,340
Cash and cash equivalents at 31 August 2021	B	**184,503**	237,895

Notes to the statement of cash flows for the year to 31 August 2021

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

	2021 £	2020 £
Net movement in funds (as per the statement of financial activities)	**143,324**	(607)
Adjustments for:		
Depreciation charge	**7,184**	7,020
Net gains on investments	**(170,923)**	(8,546)
Decrease in debtors	**60,016**	22,632
Decrease in creditors	**(76,784)**	(93,572)
Investment income receivable	**(18)**	(342)
Net cash used in operating activities	**(37,201)**	(73,425)

B Analysis of cash and cash equivalents

	2021 £	2020 £
Total cash and cash equivalents: Cash at bank and in hand	**184,503**	237,895

C Analysis of changes in net debt

	At 1 September 2020	Cash flows	**At 31 August 2021**
Cash at bank and in hand	237,895	(53,392)	**184,503**
Total	237,895	(53,392)	**184,503**

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

Basis of preparation

These financial statements have been prepared for the year to 31 August 2021 and are presented in sterling rounded to the nearest pound.

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

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

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

Critical accounting estimates and areas of judgement

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

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

- estimating the useful economic life of tangible fixed assets.

As set out in these accounting policies under “going concern”, the Trustees have considered the impact of the pandemic on the charity and have concluded that although there may be some negative consequences, it remains appropriate for the charity to continue to prepare its accounts on the going concern basis.

Assessment of going concern

The Council members have assessed whether the use of the going concern assumption is appropriate in preparing these financial statements. The Council members have made this assessment in respect to a period of one year from the date of approval of these financial statements.

Assessment of going concern (continued)
The Council members of the charity have concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the charity to continue as a going concern. In making this assessment the trustees have considered the impact of COVID-19. In response to the pandemic, the charity has taken steps to ensure that there are sufficient levels of cash available as outlined in the trustees' report. As to the long-term impact, we believe the charity will see a short period of reduced income, but it is believed the pandemic should not impact on the survivability of the charity. Despite the fact that the charity has net current liabilities of £45,395 at 31 August 2021 (2020 – net current liabilities of £14,805), the Council members are of the opinion that the charity will have sufficient resources to meet its liabilities as they fall due.

The net current liabilities position is due to advanced payments received for 2021/22 annual accreditation fees. The most significant areas of judgement that affect items in the financial statements are detailed above. With regard to the next accounting period, the year ending 31 August 2022, the most significant areas that affect the carrying value of the assets held by the charity are the level of investment return and the performance of the investment markets (see the investment policy of the Report of the Council for more information).

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

Income comprises fees from inspections and accreditations, consultancy contracts, investment income and grants.

Accreditation and inspection fees are recognised when they have been earned. For inspection fees, entitlement is measured with reference to the date that the inspection takes place.

Income of a contractual nature is recognised to the extent that it is probable that the economic benefits will flow to the charitable company and the revenue can be reliably measured. It is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value-added tax and other sales taxes.

Dividends are recognised once the dividend has been declared and notification has been received of the dividend due. Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charitable company; this is normally upon notification of the interest paid or payable by the bank.

Donations and grants are recognised on a receivable basis (where there are no performance-related conditions) where the receipt is probable and the amount can be reliably measured.

Expenditure recognition

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

Expenditure is classified under headings that aggregate all costs related to the category. Where costs cannot be directly attributed to particular headings, they have been allocated to activities on a basis consistent with the use of resources.

Governance costs, comprising the costs involved in the public accountability of the charity (including audit costs) and costs in respect to its compliance with regulation and good practice, are allocated to the cost of charitable activities.

Tangible fixed assets

Items are capitalised where the purchase price exceeds £250. Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Computer equipment and office furniture	33% on cost
Fixtures and fittings	Straight line basis over the lease term (44 months).

Fixed asset investments

Fixed asset investments consist of listed investments.

Listed 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.

The main form of financial risk faced by the charity is that of fluctuations in equity and investment markets due to wider economic conditions, the attitude of investors to investment risk, and changes in sentiment concerning equities within particular sectors or sub sectors.

Realised gains (or losses) on investment assets are calculated as the difference between disposal proceeds and their opening carrying value, or their purchase value if acquired subsequent to the first day of the financial year. Unrealised gains and losses are calculated as the difference between the fair value at the year end and their carrying value at that date. Realised and unrealised investment gains (or losses) are combined in the statement of financial activities and are credited (or debited) in the year in which they arise.

Debtors

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

Cash at bank and in hand

Cash at bank and in hand represents such accounts and instruments that are available on demand or have a maturity of less than three months from the date of acquisition. Deposits for more than three months but less than one year have been disclosed as short-term deposits.

Creditors and provisions

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

Taxation

The British Accreditation Council is a registered charity and therefore is not liable to income tax or corporation tax on income derived from its charitable activities, as it falls within various exemptions available to registered charities.

Fund accounting

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the Council members.

The fixed asset fund represents the net book value of the fixtures, fittings and office furniture of the charity. Such assets are vital to the charity being able to carry out its work and the value invested in the assets cannot, therefore, be realised in order to meet future expenditure or liabilities. To emphasise this point, the net book value of the assets is represented by a specific fixed asset fund on the balance sheet.

Pension costs and other post-retirement benefits

The charity operates a defined contribution pension scheme. Contributions payable to the charity's pension scheme are charged to the statement of financial activities in the period to which they relate.

1 Income from charitable activities – Accreditation and inspection fees

	2021 **£**	2020 £
Accreditation Fees UK	**374,157**	460,610
Inspection Fees UK	**203,471**	214,688
Application Fees	**7,500**	7,000
Educational Consultancy Income	**—**	38,460
Other Fees	**25,185**	37,010
	610,313	757,768

2 Investment income

	2021 **£**	2020 £
Interest receivable	**18**	342

3 Expenditure on:

		Support costs				
	Direct costs £	Running costs £	Finance £	Staff costs £	**2021 Total £**	2020 Total £
Raising funds						
. Investment manager fees	2,007	—	—	—	**2,007**	1,959
Accreditation and inspection:						
. Accreditation and inspection delivery	112,092	96,567	1,059	390,189	**599,907**	744,974
. Bad debts	1,291	—	—	—	**1,291**	6,009
. Governance (note 4)	—	36,732	—	—	**36,732**	24,321
	115,390	133,299	1,059	390,189	**639,937**	777,263

		Support costs				
	Direct costs £	*Running costs £*	*Finance £*	*Staff costs £*	*2020 Total £*	*2019 Total £*
Raising funds						
. Investment manager fees	*1,959*	*—*	*—*	*—*	*1,959*	*1,992*
Accreditation and inspection:						
. Accreditation and inspection delivery	*169,155*	*200,256*	*583*	*374,981*	*744,974*	*872,532*
. Bad debts	*6,009*	*—*	*—*	*—*	*6,009*	*1,405*
. Governance (note 4)	*—*	*21,930*	*—*	*2,390*	*24,321*	*25,514*
	177,123	*222,186*	*583*	*377,371*	*777,263*	*901,443*

4 Governance costs

	2021 **£**	2020 £
Legal and professional fees	**23,052**	8,747
Council expenses	**—**	3,443
Accountancy fees	**2,000**	2,390
Auditor's remuneration	**11,680**	9,740
	36,732	24,321

5 Net expenditure

	2021 £	2020 £
Net expenditure is stated after charging:		
Auditor's remuneration – statutory audit		
. Current year	**8,900**	8,500
. Prior Year	**1,680**	1,240
Depreciation	**7,184**	7,020

6 Transactions with Council members' and key management personnel

The Council members consider that they, together with the Chief Executive and Chief Inspector, comprise the key management personnel of the charity. The total remuneration of the key management personnel for the year (including taxable benefits and employer's pension and national insurance contributions) was £143,752 (2020 - £132,496).

Council members received no remuneration or other benefits for the year ended 31 August 2021 (2020: none)

No expenses were reimbursed to the Council members for out-of-pocket expenses (2020 - £2,261 to 9 Council members).

7 Staff costs

	2021 £	2020 £
Wages and salaries	**321,254**	311,889
Social security costs	**30,548**	28,751
Pension costs	**30,004**	29,042
Agency & Freelance staff	**8,832**	7,689
	390,638	377,371

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

	Average headcount	
	2021 No.	2020 No.
Administration/ management	**5**	4
Inspection	**2**	2
Accreditation	**2**	3
	9	9

The number of employees who earned £60,000 per annum or more (including taxable benefits but excluding employer pension contributions) during the year was as follows:

	2021 No.	2020 No.
£70,001 - £80,000	**1**	1

8 Tangible fixed assets

	Computer equipment and office furniture £	Fixtures and fittings £	**Total £**
Cost			
At 1 September 2020	72,600	—	**72,600**
Additions	—	16,208	**16,208**
At 31 August 2021	72,600	16,208	**88,808**
Depreciation			
At 1 September 2020	61,074	—	**61,074**
Charge for the year	5,023	2,161	**7,184**
At 31 August 2021	66,097	2,161	**68,258**
Net book value			
At 31 August 2021	6,503	14,047	**20,550**
At 31 August 2020	11,526	—	**11,526**

9 Fixed assets investments

	2021 £	2020 £
Market value		
At 1 September 2020	**1,105,131**	1,098,543
Additions at cost	**277,331**	114,620
Disposal at opening market value (proceeds £279,337; gain £13,058)	**(266,279)**	(119,546)
Net unrealised gain	**159,871**	11,514
At 31 August 2021	**1,276,053**	1,105,131
Cost		
At 31 August 2021	**984,192**	924,968
At 31 August 2020	**924,968**	951,621

	Total 2021 £
Unrealised gains included above on listed investments (see below)	**292,496**
Reconciliation of movements in unrealised gains on investments	
Unrealised gains at 1 September 2020	**185,089**
Unrealised losses brought forward and gains realised in the year	**(52,464)**
Net unrealised gains in the year	**159,871**
Unrealised gains at 31 August 2021	**292,496**

9 Fixed assets investments (continued)

The following holdings comprised a material holding when compared to the value of the total listed investment portfolio at 31 August 2021:

	Market Value	%
FP CAF UK Equity C Acc	**207,791**	**16%**
FP CAF International Equity C Acc	**494,560**	**39%**
FP CAF Alternative Strategies C Acc	**437,148**	**34%**

Listed investments held at 31 August 2021 comprised the following:

	2021 £	2020 £
UK Equities	**207,791**	187,753
Overseas Equities	**494,560**	421,381
Alternative Strategies	**437,148**	303,571
UK fixed interest	**—**	192,424
Capital Cash Account	**136,555**	—
	1,276,053	1,105,129

10 Debtors: amounts falling due within one year

	2021 £	2020 £
Charitable activity debtors	**7,790**	62,462
Prepayments and accrued income	**13,699**	19,043
	21,489	81,505

11 (A) Creditors: amounts falling due within one year

	2021 £	2020 £
Charitable activity creditors	**5,615**	12,528
Social security and other taxes	**9,430**	47,273
Accruals	**30,773**	44,455
Deferred income	**204,554**	229,072
Other creditors	**1,016**	876
	251,389	334,204

Deferred income relates to inspection fees received in advance of inspections taking place. Movements on deferred income are shown below:

	2021 £
Deferred income at 1 September 2020	**229,072**
Resources released in the year	**(229,072)**
Resources deferred in the year	**204,554**
Deferred income at 31 August 2021	**204,554**

11 (B) Creditors: amounts falling due after one year

	2021 £	2020 £
Provisions	**9,310**	3,278
	9,310	3,278

12 Fixed asset fund

	Total £
At 1 September 2020	**11,526**
Net movements in year	**9,024**
At 31 August 2021	**20,550**

The fixed assets fund represents the net book value of the charity's fixed assets. The fund recognises the fact that the assets are required for the day-to-day operation of the charity and are not available for other purposes or as a general reserve.

13 Related party transactions

Dr Esther Huertas is on the council of trustee for BAC and European Network for Quality Assurance in Higher Education (ENQA). The BAC are a registered member association of ENQA and make annual payments for membership and recognise a constructive obligation to undergo a membership review every 5 years. Total expenditure to ENQA during the year was £4,041 and a provision of £6,032 has been recongised (2020: £3,915 expenditure and a provision of £3,278). There are no other outstanding balances at the end of the year.

Council of Validating Universities has a secretariat agreement with the BAC, as a result of this relationship Dr Janet Bohrer has been appointed as secretary of CVU, the reason for this is so she may carry out the obligations agreed between CVU and BAC, only when instructed by the council members of CVU. The total Income received by the BAC is £18,644 (2020: £ 27,013), There are no outstanding debts due at the end of the year.

Other than as set out above and in note 6, there were no other transactions between the charity and any of its related parties.

14 Ultimate controlling party

The charity is under the ultimate control of the Council members.

15 Financial commitments

At 31 August 2021 the charity had total commitments under non-cancellable operating leases as follows:

	2021 Land and buildings £	2020 Land and buildings £
Operating lease payable		
Within one year	**42,373**	—
Between 2 to 5 years	**98,213**	—

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16 February 2022

Our ref B0402/CHB/PS

Dear Ladies and Gentlemen

Post-Audit Report – Year ended 31 August 2021

The purpose of this letter is to bring to your attention the findings from our recent audit of the financial statements of the British Accreditation Council for the year ended 31 August 2021. We appreciate that you will already be aware of some of the matters contained in this letter. However, in accordance with International Standards on Auditing (UK) (ISAs) we are communicating them to you formally.

1. Purpose of the audit

Our work during the audit was performed with a view to expressing an opinion on the financial statements for the year ended 31 August 2021 and other matters required by legislation.

Our audit work included consideration of the internal controls relevant to the preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of your system of internal control.

The matters being reported are limited to those that were identified during the audit and that we conclude are of sufficient importance to merit being reported to those charged with governance.

2. Audit progress

We are pleased to report that the audit of the financial statements, from our perspective, went well and in accordance with the agreed timetable. We would like to take this opportunity to thank all those with whom we dealt during the audit for their assistance and co-operation, in particular Dinesh Thakur, Adam Maiy, Lucy Fox and Janet Bohrer.

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A list of LLP members is available at our registered office address as above.
Registered to carry out audit work by the Institute of Chartered Accountants in England and Wales.

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3. Annual report and financial statements' format

The financial statements have been prepared, as last year, in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice (Charities SORP FRS 102).

There are no significant changes to the format of the financial statements this year.

4. Auditor's report

We do not propose any modifications to our audit opinion and, therefore, we intend to issue an unqualified opinion in our auditor's report. Following recent changes to the International Standards on Auditing (UK), our auditor's report has been updated to include:

- an explanation as to what extent our audit was considered capable of detecting irregularities, including fraud; and
- revised wording for our conclusion relating to the trustees' use of the going concern basis of accounting and the identification of any material uncertainties that may cast significant doubt on the charity's ability to continue as a going concern.

5. Adjustments made during the audit

One adjustment has been made to the figures presented to us with regards to the audit fee accrual. This adjustment decreases the overall movement in funds by £1,680. This has been discussed and agreed with Dinesh Thakur, Adam Maiy and Janet Bohrer.

We will obtain written representations from you, as trustees, that you concur with the adjustment.

6. Unadjusted misstatements

We are pleased to report that we found no other misstatements during our audit for the period.

7. Accounting policies, accounting estimates and disclosures

The accounting policies used in preparing the financial statements are unchanged from the previous year.

Our work included a review of the adequacy of disclosures in the financial statements and consideration of the appropriateness of the accounting policies and estimation techniques adopted by the charity. We found the disclosed accounting policies, significant accounting estimates and the overall disclosure and presentation to be appropriate for the charity.

We have no specific observations to make in this regard.

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8. Letter of representation

We enclose the final draft letter of representation which we will request management and the trustees to approve and sign at the same time as the financial statements.

9. Prior year's post audit-report

We are pleased to report that all prior year observations have been satisfactory dealt with.

10. Significant deficiencies in the accounting and internal control systems

Our work during the audit included an examination of some of the charity's transactions, procedures and controls with a view to expressing an opinion on the financial statements for the year ended 31 August 2021.

We found no significant deficiencies in the accounting and internal control systems during our audit.

11. Other deficiencies in the accounting system and financial reporting function

During our review of salaries and wages, we noted that one employee had no pay award letter for the 2020-21 financial year. We **recommend** that all staff pay awards are documented and communicated to ensure transparency around staff pay and to avoid any potential disputes over employee pay.

Management comment: The error has been recognised and has been corrected for this year. It was also minuted in the Standing Committee minutes as there were changes to Janet Bohrer's salary. New responsibilities for Lucy Fox ensure that we have additional checks in place to avoid future errors.

During our review of related party transactions, we noted that the financial statements did not initially disclose the transactions with European Network for Quality Assurance in Higher Education (ENQA) and Council of Validating Universities. We r**ecommend** that the identification and management of potential related party transactions be revisited to ensure that all conflicts are identified and disclosed going forward.

Management comment: This has been noted, the finance team will implement new financial control that will take place throughout the year, in the future the finance team will also review all director declarations before preparing the annual reports this should prevent any missing disclosure notes.

These matter have been discussed with Lucy Fox, Adam Maiy and Dinesh Thakur.

12. Professional ethics

In accordance with our profession's ethical guidance and further to our letter to you dated 28 October 2021 confirming audit planning arrangements there are no further matters to bring to your attention in relation to Integrity, Objectivity and Independence.

13. Current developments

We have attached a summary of recent and ongoing developments in the charity sector in appendix A to this report.

As part of our commitment to the charity sector, during the year the Charity Team issues occasional Updates and Insights on matters of relevance to the sector and also holds a number of webinars free of charge throughout the year. We would be delighted to welcome representatives of your charity to our webinars or to add trustees and management to our email distribution lists if this would be welcome.

Conclusion

This report has been prepared for your private use only. It has been prepared on the understanding that it will not be shared with any third party without our prior written consent and we can therefore assume no responsibility to any other party. The advice contained herein is based on the information you have provided and UK law and judicial and administrative interpretation as of the date of this report. Should the facts provided to us be incorrect or incomplete or should they change, our advice may be inappropriate. Buzzacott LLP accepts no liability for losses arising from changes in UK law, interpretation or practice or in public policy that are first published after the date of this report.

If you require any further information or assistance, we shall be very pleased to help you.

We would be pleased to receive your comments and reaction to this letter.

Yours faithfully

Buzzacott LLP

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Appendix A: Current developments

Trustees' Annual Report and Accounts

Government proposes stricter audit rules for large charities

Under proposals published by the government in March, some of the country's largest charities will face much stricter rules on financial reporting. The proposed reforms said that ministers are "open" to the idea of applying rules to big charities which previously only applied to firms, meaning senior staff at charities with incomes over £100m could become personally liable for any errors in the accuracy of financial reporting.

Under the proposal, "large third sector entities" may be classed as "public interest entities" (PIEs), adding "Until 2016, the Financial Reporting Council inspected the audits of charities with incoming resources exceeding £100m. A similar threshold might usefully be applied to third sector entities for present purposes."

It proposed creating a new regulator, the Audit, Reporting and Governance Authority (ARGA), with stronger powers to act. The Charity Commission said that its existing regulations could be extended, instead of introducing a new body. They believe there are ways to strengthen the transparency of larger charities using existing reporting processes that do not create additional regulatory and reporting burdens.

The reforms contained in the white paper can be found here:
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/970673/restoring-trust-in-audit-and-corporate-governance-command-paper.pdf

This is in addition to two recent rule changes that are summarised at the following webpages:

- https://www.buzzacott.co.uk/insights/changes-to-the-directors-report-and-strategic-report
- https://www.buzzacott.co.uk/insights/streamlined-energy-and-carbon-reporting-secr-requirements

Policy and Governance

Charity Governance Code – what has changed?

The Charity Governance code is a simple tool for charity trustee boards to ensure their governance structures are fit for purpose. It sets out seven principles of good governance for charities of all shapes and sizes in England and Wales. A consultation on refreshing the Charity Governance Code was launched by its "steering group", made up of ACEVO, the Association of Chairs, the Chartered Governance Institute, NCVO, SCC and WCVA, in November 2019 and came to an end on 28 February 2020.

Following the consultation, the steering group have refined two of the seven principles: the Equality, Diversity and Inclusion (EDI) Principle and the Integrity Principle.

The steering group believe that great EDI practice sits at the heart of good governance, and that in order to effectively deliver their public benefit, boards must focus on achieving equality of outcomes carrying out their charitable purpose. To make better and more informed decisions, boards must be diverse. Societal power imbalances must be prevented from playing out in the boardroom. In addition to this, the committee believe EDI has the power to create social justice, in boardrooms, organisations, across the charity sector as a whole and ultimately throughout society.

It is recognised that all charities are at different stages in their ongoing diversity journey. Four stages of recommended practice for charities have been set out. Boards should:

- Think about why EDI is important for their charity and assess the current level of understanding.
- Set out plans and targets tailored to each charity and its starting point.
- Monitor and measure how well a charity is doing, based on context specific goals set by the charity.
- Be transparent and publish the charity's progress.

Alongside EDI, the Code's Integrity principle has been updated. In the last couple of years, the charity sector has learnt a lot about integrity and safeguarding, and the harm that can be caused when integrity is abused. Integrity in charity governance is much more than managing funds and financial assets well. It is also about values, ethical principles in all decision-making and creating a welcoming and supportive culture.

Following the Charity Commission's safeguarding regulatory alert last year, the committee have put further emphasis on the right of everyone who comes into contact with a charity, including staff, volunteers, partners and beneficiaries – to be safe and to know how to speak up and raise concerns.

More information on the Charity Governance Code, and the updated principles, can be found at: https://www.charitygovernancecode.org/en

Charity Commission guides

The Charity Commission has launched a campaign aimed at helping trustees refresh their knowledge of charity governance and be "certain in uncertain times".

A suite of 5 visually engaging animated videos will launch, promoting one of the regulator's 5 minute guides. The guides provide simple, easy to understand information on all the governance basics trustees need to know. The campaign prompts trustees to consider their understanding of their key responsibilities by posing a question connected to each guide:

- Does every decision help your charity with its mission?
- Could your charity be drifting into activities that your charity is not set up to do?

- Is your charity reporting the right things at the right time?
- Could you spot a conflict of interest and manage it?
- Is there more you can do to prevent fraud?

Further information is provided at: https://www.gov.uk/government/news/regulators-new-5-minute-guides-will-support-charity-trustees-to-meet-duties

Government reforms on charity spending and investment

Charity trustees will have more freedom over how to use surplus fundraising and permanent endowments, under legal changes announced in March 2021. They are amongst the promised changes in response to recommendations made by the Law Commission in 2017.

In the event that people give to fundraising campaigns which either miss their target or raise more than expected, charities will now be able to keep donations of up to £120 without involving the regulator. Trustees could also use those funds for "new purposes" but would need to contact the Charity Commission where they came to more than £1,000.

It was also agreed to simplify the rights of trustees to release money from permanent endowments and invest those endowments. The Law Commission had recommended that trustees have statutory powers to borrow from charities' permanent endowment, allowing them to spend up to 25% of the value of the permanent endowment subject so long as that spending is recouped within 20 years.

The government's response to the Law Commission's recommendations can be found here: https://www.gov.uk/government/publications/government-response-to-law-commission-report-on-technical-issues-in-charity-law

Responsible investment guidance

The Charity Commission has published draft guidance to help trustees make decisions on responsible investment. Trustees at all charities can decide whether or not to adopt a responsible investment approach that reflects the charity's purposes and values, and not just focus on the financial return.

The draft guidance states "You can decide that rather than just focusing on the financial return on an investment, your approach will also take into account your charity's purpose and values.", i.e. health charities avoiding investments in companies whose products harm public health/environmental charities actively seeking to invest in renewable energy.

The full published guidance can be found here: https://www.gov.uk/government/consultations/charity-responsible-investment-guidance/responsible-investment-draft-guidance-for-consultation