

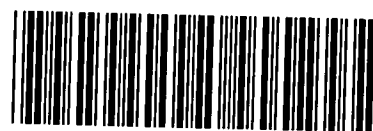
Report and Financial Statements

British Retail Consortium

(a company limited by guarantee)

For the year ended 30 June 2019

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British Retail Consortium
(a company limited by guarantee)
Financial statements for the year ended 30 June 2019

Company registration number: 0405720

Registered office: 2 London Bridge
London
SE1 9RA

Directors: Richard Pennycook
Helen Dickinson
Ian Percival
Jonathan Bye
Ian Filby
Ben Fletcher
Deborah Robinson
Melanie Steel

Auditor: Grant Thornton UK LLP
Chartered Accountants
Statutory Auditor
Victoria House
4th Floor
199 Avebury Boulevard
Milton Keynes
MK9 1AU

Index to the financial statements

	PAGE
Report of the directors	2
Strategic report	5
Independent auditor's report	7
Consolidated statement of total comprehensive income	10
Consolidated statement of financial position	11
Company Statement of financial position	12
Consolidated statement of cash flows	13
Consolidated statement of changes in equity	14
Company statement of changes in equity	15
Notes to the financial statements	16-31

Report of the directors

The directors present their report together with the consolidated financial statements of British Retail Consortium (BRC) for the year ended 30 June 2019.

Results and dividends

The BRC Group's profit for the year is detailed in these financial statements. The Group comprises the British Retail Consortium ('the Company' or the 'BRC') and its subsidiary, Tower Street Limited.

The Memorandum of the BRC prohibits the distribution of any surplus to the members either by payment of dividends or by any other means. The general funds of both the BRC and the Group remain in surplus as at the end of the year and in accordance with the Articles of Association will be applied solely towards the promotion of its trading objects.

Directors

The directors who served the Company during the year were as follows:

Richard Pennycook (Chairman)
Helen Dickinson (Chief Executive)
Ian Percival
Timothy Fallowfield (resigned 21 November 2018)
Alan Hawkins (resigned 11 September 2018)
Ian Filby
Ben Fletcher
Deborah Robinson
Jonathan Bye (appointed 21 November 2018)
Melanie Steel (appointed 21 November 2018)

Risk management objectives and policies

The key risk to the BRC, as with any trading organisation, is the loss of income and the support of its members. The transformational change in the industry continues to place demands on retailers and their cost base, with every expense scrutinised to ensure it is delivering value for money. The BRC strives to produce work of the highest standard and to offer value for money services to its members. Membership retention amongst retailers remains high, although each year there is some churn in the Retailer and Associate member categories.

The subsidiary, Tower Street Limited, owns a property in Central London. The key risk to Tower Street Limited is any reduction in the value of that property caused by physical damage. Insurance cover is maintained to mitigate this risk.

The Risk Register, covering the activities of both the BRC and Tower Street Limited, is regularly updated and reviewed by the Audit and Risk Committee.

The financial instruments held by the BRC and its subsidiary company during the year to 30 June 2019 were trade debtors, trade creditors, loan notes issued in favour of the BRC by Brand Reputation Compliance Limited (the parent company of a former subsidiary BRC Trading Ltd), a loan from Lloyds Bank PLC that was repaid in full during the year, and cash.

Report of the directors (continued)

Statement of directors' responsibilities

The directors are responsible for preparing the Report of the Directors, the Strategic Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws) including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the company and group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently
- make judgments and estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the 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 company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditor

In so far as each of the directors is aware:

- there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

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

Report of the directors (continued)

Auditor

Grant Thornton UK LLP, having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with section 487(2) of the Companies Act 2006 unless the Company receives notice under section 488(1) of the Companies Act 2006.

BY ORDER OF THE BOARD



Ian Percival
Director

21 November 2019

Strategic report

Principal activities

The BRC, the parent company, continues to trade by providing information and other services to UK retailers and representing the retail industry in the media, to Government and other bodies. It derives its trading income from running events, promoting and providing training courses, obtaining subscriptions, generating sponsorship and selling retail data and insight services.

The BRC's activities cover the whole of the retail industry. This diverse and exciting industry ranges from large multiples to independents, high streets to out of town, and digital to physical selling across all sectors: clothing, footwear, food, homewares, electricals, health & beauty, jewellery and everything in between, to ever more demanding consumers.

Our broad range of stakeholders demonstrates how retailing touches almost every aspect of our culture and economy. The BRC leads the industry and uses the income it earns to work with our members to shape debates and influence issues that will help make a positive difference to the industry. We care about the careers of people who work in our industry, the communities retail touches and competitiveness as a fundamental principle of the industry's success.

Tower Street Limited, the wholly-owned subsidiary, is a property development company that owns a small property in central London that we are seeking to develop and refurbish (subject to planning consent). The group now plans to retain this building for future use, hence why it has been treated as a fixed asset at Group level.

Business review and future developments

During the year we sold our minority shareholding in Brand Reputation Compliance Limited ("BRCL"), which is the parent company of BRC Trading Limited, for a profit. We originally acquired this investment when we sold BRC Trading Limited in 2016 to BRCL. The proceeds from sale are being used to secure the future trading success of the BRC and to improve the effectiveness of the organisation.

During the year, the BRC purchased an office building from its subsidiary Tower Street Limited. A planning application has been submitted, but not yet approved, to refurbish the site. It will become the head office of the BRC and the 'Home of Retail' for BRC members.

The BRC Learning division continues its mission to help the industry develop its people to deliver the future vision of better jobs in retail. In June 2019, the BRC acquired the business and assets of Oxford Summer School Limited, a training provider dedicated to providing courses to the retail industry.


The profit for the year includes the profit on disposal of our minority shareholding in BRCL and interest income earned on a loan provided to BRCL. The underlying business continues to operate in a difficult trading environment for our members, sponsors, and event attendees.

The BRC generates funds in order to progress its priority campaigns relating to the reform of business rates; assisting the creation of better jobs and achieving greater flexibility in the use of the apprenticeship levy; driving improvements in responsible business practices; exploring better ways to tackle retail crime and protect retail staff; helping to address the obesity issue in the UK; and ensuring the UK's exit from the EU results in a fair deal for UK consumers. It will also continue to shape an economic and policy environment that enables retail businesses to thrive.

Strategic report

The Company will continue to trade by advancing its mission to make a positive difference to the retail industry and the customers it serves, today and in the future.

ON BEHALF OF THE BOARD

A handwritten signature in black ink, appearing to read 'Helen Dickinson', with a long, sweeping horizontal line extending to the right.

Helen Dickinson
Director

21 November 2019

Independent auditor's report to the members of British Retail Consortium

Opinion

We have audited the financial statements of British Retail Consortium (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 30 June 2019 which comprise the consolidated statement of comprehensive income, the consolidated and parent company statements of financial position, the consolidated statement of cash flows, the consolidated and parent company statements of changes in equity and notes to the financial statements, including a summary of significant accounting policies. 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 Group's and of the parent Company's affairs as at 30 June 2019 and of the group's profit 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 Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the parent Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Report of the Directors and Strategic Report set out on pages 2 to 6, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Independent auditor's report to the members of British Retail Consortium

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 Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the Group and the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

Matters on which we are required to report by exception

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

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 3, the directors 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 directors 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 directors are responsible for assessing the Group's and the parent 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 directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Independent auditor's report to the members of British Retail Consortium

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.

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

Use of our report

This report is made solely to the company's members, as a body, 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 company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Grant Thornton UK LLP

Yuvan Deena
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Milton Keynes

Date: **22** November 2019

Consolidated statement of comprehensive income

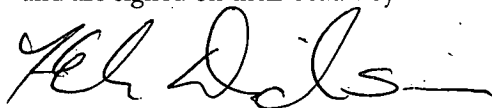
	Note	2019 £	2018 £
Turnover	4	4,414,148	4,705,223
Cost of sales		(277,092)	(168,014)
Gross profit		4,137,056	4,537,209
Administrative expenses		(6,255,487)	(5,205,914)
Operating loss	6	(2,118,431)	(668,705)
Gain on disposal of investments	5	7,806,822	-
Interest receivable and similar income	7	705,847	1,005,822
Interest payable & similar charges	8	(30,102)	(106,592)
Profit on ordinary activities before taxation		6,364,136	230,525
Tax credit/(charge)	10	245,874	(520,429)
Profit / (Loss) for the financial year		6,610,010	(289,904)

All of the activities of the Group are classed as continuing. There were no recognised gains and losses for 2019 or 2018 other than those included in the Consolidated Statement of Comprehensive Income.

Consolidated Statement of financial position

	Note	2019	2018
		£	£
Fixed assets			
Intangible assets	11	327,288	677,010
Tangible assets	13	24,199,885	22,659,405
Investments	15	-	26,359
		<u>24,527,173</u>	<u>23,362,774</u>
Current assets			
Stock	16	-	1,500,000
Debtors	17	9,004,447	8,550,979
Cash at bank and in hand		17,031,371	15,889,138
		<u>26,035,818</u>	<u>25,940,117</u>
Creditors: amounts falling due within one year	18	<u>(3,844,160)</u>	<u>(9,194,070)</u>
Net current assets		<u>22,191,658</u>	<u>16,746,047</u>
Total assets less current liabilities		<u>46,718,831</u>	<u>40,108,821</u>
Net assets		<u>46,718,831</u>	<u>40,108,821</u>
Capital and reserves			
General funds	20	<u>46,718,831</u>	<u>40,108,821</u>

These financial statements were approved and authorised for issue by the directors on 21 November 2019 and are signed on their behalf by:



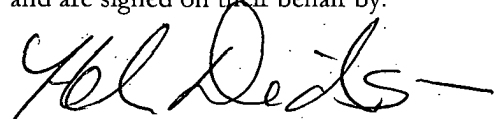
Helen Dickinson
Director

Registration number: 0405720

Company Statement of financial position

	Note	2019	2018
		£	£
Fixed assets			
Intangible assets	12	327,288	212,466
Tangible assets	14	22,803,469	213,745
Investments	15	-	612,181
		<u>23,130,757</u>	<u>1,038,392</u>
Current assets			
Debtors	17	10,740,451	32,420,221
Cash at bank and in hand		<u>17,018,649</u>	<u>15,887,943</u>
		<u>27,759,100</u>	<u>48,308,164</u>
Creditors: amounts falling due within one year	18	<u>(3,825,880)</u>	<u>(8,608,253)</u>
Net current assets		<u>23,933,220</u>	<u>39,699,911</u>
Total assets less current liabilities		<u>47,063,977</u>	<u>40,738,303</u>
Net assets		<u>47,063,977</u>	<u>40,738,303</u>
Capital and reserves			
General funds	20	<u>47,063,977</u>	<u>40,738,303</u>

These financial statements were approved and authorised for issue by the directors on 21 November 2019 and are signed on their behalf by:



Helen Dickinson
Director

Registration number: 0405720

Consolidated statement of cash flows

	2019 £	2018 £
Cash flows from operating activities		
Profit / (Loss) for the financial year	6,610,010	(289,904)
Adjustments for:		
Amortisation and impairment of intangible assets	628,728	180,057
Depreciation of tangible assets	375,803	214,027
Profit on disposal of investment	(7,806,822)	-
Interest receivable	(705,847)	(1,005,822)
Interest payable and financing charges	30,102	106,592
Taxation	(245,874)	520,429
Decrease / (increase) in stocks	1,500,000	-
Decrease / (increase) in trade and other debtors	369,623	(294,686)
Increase / (decrease) in trade creditors	155,926	739,581
Increase / (decrease) in provisions	-	(358,973)
Cash from operations	911,649	(188,699)
Income taxes (paid) / received	(505,836)	-
Net cash generated from operating activities	405,813	(188,699)
Cash flows from investing activities		
Purchases of subsidiary undertaking	-	(24,454,278)
Purchases of tangible assets	(1,916,283)	(21,304)
Purchases of intangible assets	(279,006)	-
Net receipt from sale of Investment	7,833,181	-
Interest received	118,920	168,787
Net cash used in investing activities	5,756,812	(24,306,795)
Cash flows from financing activities		
Receipt from Loan	-	5,000,000
Repayment of Loan	(5,000,000)	-
Interest paid	(20,392)	(9,504)
Net cash from financing activities	(5,020,392)	4,990,496
Net (decrease) / increase in cash and cash equivalents	1,142,233	(19,504,998)
Cash and cash equivalents at the beginning of year	15,889,138	35,392,928
Cash from purchase of subsidiary undertaking	-	1,208
Cash and cash equivalents at end of year	17,031,371	15,889,138

Consolidated statement of changes in equity

	General funds £	Total £
At 1 July 2017	40,398,725	40,398,725
Loss for the year	(289,904)	(289,904)
At 30 June 2018	<u>40,108,821</u>	<u>40,108,821</u>
Profit for the year	6,610,010	6,610,010
At 30 June 2019	<u><u>46,718,831</u></u>	<u><u>46,718,831</u></u>

Company statement of changes in equity

	General funds £	Total £
At 1 July 2016	40,398,725	40,398,725
Profit for the year	339,578	339,578
At 30 June 2017	<u>40,738,303</u>	<u>40,738,303</u>
Profit for the year	6,325,674	6,325,674
At 30 June 2018	<u>47,063,977</u>	<u>47,063,977</u>

Notes to the financial statements

1. Company information

The British Retail Consortium is headquartered in the UK. The British Retail Consortium (the 'BRC' or the 'Company') is a Company limited by guarantee. Under the Articles of Association, the liability of each member is limited to £1. At 30 June 2019 there were 185 members (2018: 180).

2. Principal accounting policies

2.1 Basis of preparation

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'), and with the Companies Act 2006. The financial statements have been prepared on the historical cost basis except for the modification to a fair value basis for certain investments and financial instruments. The financial statements are presented in Sterling (£).

The Group financial statements consolidate the financial statements of the British Retail Consortium and Tower Street Limited drawn up to 30 June each year. No income statement is presented for the British Retail Consortium as permitted by s408 of the Companies Act 2006.

Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiary ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full. The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Statement of Financial Position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Income Statement from the date on which control is obtained. They are deconsolidated from the date control ceases.

2.2 Going concern

After reviewing the Group and Company forecasts and projections, the directors have a reasonable expectation that the group and company have adequate resources to continue in operational existence for the foreseeable future. The group and company therefore continue to adopt the going concern basis in preparing its financial statements.

2.3 Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the purchase method. The cost of the business combination is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Company in exchange for control of the acquiree plus costs directly attributable to the business combination.

Any excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets and liabilities is recognised as goodwill. If the net fair value of the identifiable assets and liabilities exceeds the cost of the business combination the excess is recognised separately on the face of the consolidated statement of financial position immediately below goodwill.

Notes to the financial statements (continued)

2.4 Investment in subsidiaries

Consolidated financial statements are prepared when there are entities controlled by the company at the year-end (its subsidiaries) where the inclusion of their results would materially alter the financial statements. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in total comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate using accounting policies consistent with those of the parent. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Investments in subsidiaries in the Company statement of financial position are accounted for at cost less impairment in the financial statements.

Investments in entities that are not subsidiaries are included in the statement of financial position at their estimated fair value.

2.5 Intangible assets

Intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses.

Positive goodwill acquired on each business combination is capitalised, classified as an asset on the statement of financial position and amortised on a straight-line basis over its useful life.

Goodwill acquired in a business combination is, from the acquisition date, allocated to each cash generating unit that is expected to benefit from the synergies of the combination.

If a subsidiary is subsequently sold or discontinued, any goodwill arising on acquisition that has not been amortised through the profit and loss account is taken into account in determining the profit or loss on sale or discontinuance.

Amortisation is charged so as to allocate the cost of intangibles less their residual values over their estimated useful lives, using the straight-line method. The intangible assets are amortised over the following useful economic lives:

- | | |
|---------------------------|---------------|
| - Computer software costs | 33% per annum |
| - Goodwill | 10 years |

If there is an indication that there has been a significant change in amortisation rate or residual value of an asset, the amortisation of that asset is revised prospectively to reflect the new expectations.

2.6 Tangible assets

Tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets except land which is not depreciated, over their expected useful lives, using the straight-line method. The rates applicable are:

- | | |
|----------------------|----------|
| - Freehold buildings | 25 years |
|----------------------|----------|

Notes to the financial statements (continued)

- | | |
|-------------------------------|-------------------------------------|
| - Fixtures and Fittings | 5 years |
| - Leasehold improvements | Over the expected life of the lease |
| - Office & computer equipment | 3 to 5 years |

Leasehold improvement depreciation starts when the works are completed and are spread over the remainder of the expected lease period. For other fixed assets depreciation starts when the asset is acquired and available for use.

2.7 Impairment of assets

At each reporting date fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in the income statement.

If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the income statement.

2.8 Other fixed asset Investments

These comprise of other investments in unquoted equity instruments which are measured at fair value. Changes in fair value are recognised in profit or loss. Fair value is estimated by using an appropriate valuation technique.

2.9 Stocks

Stocks are stated at the lower of cost and selling price less costs to complete and sell.

2.10 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured at fair value.

2.11 Creditors

Short term trade creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured at cost.

2.12 Leases

When entering into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a "finance lease". The asset is recorded in the statement of financial position as a tangible fixed asset and is depreciated over its estimated useful life or the term of the lease, whichever is shorter. Future instalments under such leases, net of finance charges, are included within creditors. Rentals payable are apportioned between the finance element, which is charged to the income statement,

Notes to the financial statements (continued)

and the capital element which reduces the outstanding obligation for future instalments.

All other leases are accounted for as operating leases and the rental charges are charged to the income statement on a straight-line basis over the life of the lease.

2.13 Provisions for liabilities

Provisions are recognised when the group has a present obligation (legal or constructive) as a result of a past event, it is probable that the group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

2.14 Taxation

Current tax is recognised for the amount of income tax payable in respect of the taxable profit for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is calculated using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference. Deferred tax is measured on a non-discounted basis.

2.15 Turnover

Turnover represents the amounts (excluding value added tax) received by the Group in respect of subscriptions and other trading and commercial activities including advertising, sponsorship, fees received from training courses and income from events. Funding provided by members for specific purposes is offset against the cost of such projects, any profit or loss arising is shown within sundry income or administrative expenses.

In addition, turnover in the prior year included income generated from support services provided to a former subsidiary during the year.

Turnover is recognised on an accruals basis when the group becomes entitled to receipt of the income.

Notes to the financial statements (continued)

2.16 Employee benefits

The Group operates a defined contribution pension scheme. Contributions are charged to the income statement as they become payable in accordance with the rules of the scheme.

2.17 Foreign currency

Assets and liabilities denominated in foreign currencies are translated at a rate of exchange ruling at the statement of the financial position. Transactions denominated in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit or loss.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 2, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

Valuation of loan notes receivable

The Company assesses, at each reporting date the fair value of the loan note receivable with Brand Reputation Compliance Limited. The fair value of the loan note is determined by calculating the present value of the estimated future cash flows, discounted at a market rate of interest of a similar loan. Management have assessed the likelihood of receiving any future cash flows from the counterparty, and they have also assessed the appropriate discount rate.

Key Judgements

Treatment of Tower Street Limited stock at Group level

Tower Street Limited's stock has been treated as a Fixed Asset at group level as the group now plans to retain this building for future use.

Assessment of impairment of investments and goodwill

As a result of the sale of a significant proportion of Tower Street Limited's stock during the year, the Company has assessed that the value of the investment and goodwill held by the company was reduced and an impairment review was undertaken which resulted in the full value of the investment in Tower Street Limited and goodwill arising on consolidation being written off.

Notes to the financial statements (continued)

4. Turnover and profit on ordinary activities before taxation

The turnover and profit before tax were all derived from the Group's principal activities.

	2019	2018
	£	£
Events income	380,045	227,284
Membership subscription and sponsorship	4,034,103	4,407,548
Services provided to a former subsidiary	-	70,391
	4,414,148	4,705,223

Turnover is all generated within the United Kingdom.

5. Other Income

	2019	2018
	£	£
Profit on disposal of fixed asset investment	7,806,822	-
	7,806,822	-

On 1 March 2019 the Company sold its minority shareholding in Brand Reputation Compliance Limited for a profit as detailed in Note 15 to these financial statements.

6. Operating profit / (loss)

Operating profit / (loss) is stated after charging:

	2019	2018
	£	£
Auditor's remuneration:		
Audit services	21,700	22,500
Non-audit services - taxation services	14,070	19,725
Non-audit services – transaction related services	19,100	84,301
Amortisation of intangible fixed assets	211,586	180,057
Impairment of goodwill	417,142	-
Depreciation of tangible fixed assets:		
Owned assets	375,803	214,027
Operating lease rentals:		
Other assets	4,579	4,638
Land and buildings	325,314	281,375

Notes to the financial statements (continued)

7. Interest receivable

	2019 £	2018 £
Bank interest	118,920	168,050
Other interest	1,890	737
Loan Note interest	585,037	837,035
	<u>705,847</u>	<u>1,005,822</u>

8. Interest payable

	2019 £	2018 £
Loan interest	20,393	9,504
Financing charges	9,709	97,088
	<u>30,102</u>	<u>106,592</u>

Financing charges to fair value the loan note and interest payable on short term bank borrowing.

Notes to the financial statements (continued)

9. Directors and employees

Staff costs during the year were as follows:

	2019	2018
	£	£
Wages and salaries	2,953,844	2,697,205
Social security costs	319,765	303,600
Other pension costs	190,643	181,420
	<u>3,464,252</u>	<u>3,182,225</u>

The average number of staff employed by the company during the financial year amounted to:

	2019	2018
	No	No
Office and management	<u>43</u>	<u>42</u>

Remuneration in respect of directors was as follows:

	2019	2018
	£	£
Emoluments		
Wages and salaries	435,237	419,506
Social security costs	57,316	63,039
Other pension costs	-	-
	<u>492,553</u>	<u>482,545</u>

Emoluments of the highest paid director

Wages and salaries	346,657	341,365
Social security costs	46,309	55,563
Other pension costs	-	-
	<u>392,966</u>	<u>396,928</u>

There were no directors (2018 – none) who accrued benefits under defined contribution schemes.

Notes to the financial statements (continued)

10. Tax on profit on ordinary activities

	2019 £	2018 £
Current tax		
UK corporation tax	-	505,836
Adjustments in respect of prior periods	(422,158)	-
Total current tax	(422,158)	505,836
Deferred tax		
Origination and reversal of timing differences	163,739	14,593
Adjustments in respect of prior periods	12,545	-
Total deferred tax	176,284	14,593
Tax on profit on ordinary activities	(245,874)	520,429

The tax assessed on the profit on ordinary activities for the year is lower (2018 - higher) than the standard rate of corporation tax in the UK of 19% (2018 – 19%). The difference is explained as follows:

	2019 £	2018 £
Profit on ordinary activities before tax	6,364,136	230,525
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19%	1,209,186	43,800
Effect of:		
Fixed asset differences	56,128	9,585
Expenses not deductible for tax purposes	103,101	157,414
Income not taxable for tax purposes	(1,484,151)	(872,677)
Losses carried back/(brought back)	20,988	-
Adjustments in respect of prior periods	(422,158)	-
Adjustments in respect of prior periods (deferred tax)	12,545	-
Deferred tax in subsidiary not recognised	-	1,184,024
Adjust opening deferred tax rate	(117,807)	(22,456)
Adjust closing deferred tax rate	127,781	20,739
Deferred tax not recognised	248,513	-
Tax (credit) / charge for the year	(245,874)	520,429

Notes to the financial statements (continued)

11. Intangible fixed assets – The Group

	Computer software £	Goodwill £	Total £
Cost			
At 1 July 2018	542,679	474,024	1,016,703
Additions	28,250	250,756	279,006
At 30 June 2019	570,929	724,780	1,295,709
Amortisation			
At 1 July 2018	330,213	9,480	339,693
Provided in the year	163,139	48,447	211,586
Impairment charge on goodwill in the year	-	417,142	417,142
At 30 June 2019	493,352	475,069	968,421
Net book value at 30 June 2019	77,577	249,711	327,288
Net book value at 30 June 2018	212,466	464,544	677,010

Amortisation of intangible fixed assets is included in administrative expenses.

On 18 June 2019 the group acquired the business and assets of Oxford Summer School Limited for a cash consideration of £220,000.

Analysis of the acquisition of the business and assets of Oxford Summer School Limited:

Net assets at date of acquisition:

	Book value £	Fair value adjustments £	Fair value to group £
Net assets	0	0	0
Consideration			250,756
Goodwill arising on acquisition			250,756
Discharged by:			
Cash consideration			220,000
Costs associated with the acquisition			30,756
Total consideration			250,756

Notes to the financial statements (continued)

12. Intangible fixed assets – The Company

	Computer software	Goodwill	Total
	£	£	£
Cost			
At 1 July 2018	542,679	-	542,679
Additions	28,250	250,756	279,006
Disposals	-	-	-
At 30 June 2019	570,929	250,756	821,685
Amortisation			
At 1 July 2018	330,213	-	330,213
Charged in the year	163,139	1,045	164,184
Disposals	-	-	-
At 30 June 2019	493,352	1,045	494,397
Net book value at 30 June 2019	77,577	249,711	327,288
Net book value at 30 June 2018	212,466	-	212,466

13. Tangible fixed assets – The Group

	Freehold property	Fixtures & fittings	Leasehold improvements	Office & computer equipment	Total
	£	£	£	£	£
Cost or valuation					
At 1 July 2018	22,500,000	104,649	335,985	234,600	23,175,234
Additions	1,909,902	-	-	6,381	1,916,283
Disposals	-	-	-	-	-
At 30 June 2019	24,409,902	104,649	335,985	240,981	25,091,517
Depreciation					
At 1 July 2018	54,340	37,682	217,183	206,624	515,829
Charge in the year	278,116	20,657	59,401	17,629	375,803
At 30 June 2019	332,456	58,339	276,584	224,253	891,632
Net book value at 30 June 2019	24,077,446	46,310	59,401	16,728	24,199,885
Net book value at 30 June 2018	22,445,660	66,967	118,802	27,976	22,659,405

Notes to the financial statements (continued)

14. Tangible fixed assets – The Company

	Freehold property	Fixtures & fittings	Leasehold improvements	Office & computer equipment	Total
	£	£	£	£	£
Cost or valuation					
At 1 July 2018	-	104,649	335,985	234,600	675,234
Additions	22,884,805	-	-	6,381	22,891,186
At 30 June 2019	22,884,805	104,649	335,985	240,981	23,566,420
Depreciation					
At 1 July 2018	-	37,682	217,183	206,624	461,489
Charge in the year	203,775	20,657	59,401	17,629	301,462
At 30 June 2019	203,775	58,339	276,584	224,253	762,951
Net book value at 30 June 2019	22,681,030	46,310	59,401	16,728	22,803,469
Net book value at 30 June 2018	-	66,967	118,802	27,976	213,745

During the year the company acquired an office building in central London from its wholly owned subsidiary Tower Street Limited for a market value of £22,500,000.

15. Investments

Total fixed asset investments comprise:

	The Group		The Company	
	2019	2018	2019	2018
	£	£	£	£
Interests in subsidiaries	-	-	-	585,822
Other fixed asset investments	-	26,359	-	26,359
	-	26,359	-	612,181

Notes to the financial statements (continued)

Interests in subsidiaries

At 30th June 2019, the company held 20% or more of the equity of the following:

Subsidiary	Type of Shares held	Proportion held %	Country of incorporation	Nature of business
Tower Street Limited	Ordinary	100%	United Kingdom	Property development

The company

	Investment in subsidiary £
Cost and net book value at 1 July 2018	585,822
Impairment charge	<u>(585,822)</u>
Cost and net book value at 30 June 2019	-

During the year, Tower Street Limited sold a significant proportion of its assets to the Company. As a result, the value of the investment held by the company reduced and an impairment review was undertaken which resulted in £585,822 being written off.

Other fixed asset investments

The group and company

	Unquoted investments £
Valuation	
At 1 July 2018	26,359
Disposed during the year	<u>(26,359)</u>
At 30 June 2019	-

During the year, the group and company sold its investment in Brand Reputation Compliance Limited.

The profit on disposal was £7,806,822 and the consideration received was £8,000,000.

	Profit on disposal of other fixed asset investment £
Consideration received:	
Cash	8,000,000
Costs associated with disposal	(166,819)
Cost of investment	<u>(26,359)</u>
Profit on disposal	<u>7,806,822</u>

Notes to the financial statements (continued)

16. Stocks

	The Group		The Company	
	2019	2018	2019	2018
	£	£	£	£
Work in progress	-	1,500,000	-	-
	-	1,500,000	-	-

At the 30th of June 2019, no stock was held in the Group as the property previously included in stock is now to be retained by the Group and hence has been treated as a Fixed Asset (see note 13).

17. Debtors

	The Group		The Company	
	2019	2018	2019	2018
	£	£	£	£
Trade debtors	1,599,198	2,089,162	1,599,198	2,089,162
Other debtors	163,903	19,210	163,903	18,580
Corporation tax	424,048	-	-	-
Prepayments and accrued income	488,690	513,042	488,047	500,497
Deferred taxation (note 19)	-	176,284	-	176,284
Amounts owed by group undertakings	-	-	2,160,695	23,882,417
Loan note receivable	6,328,608	5,753,281	6,328,608	5,753,281
	9,004,447	8,550,979	10,740,451	32,420,221

Amounts due after more than one year
included in debtors:

Loan note receivable	6,328,608	5,753,281	6,328,608	5,753,281
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18. Creditors: amounts falling due within one year

	The Group		The Company	
	2019	2018	2019	2018
	£	£	£	£
Trade creditors and accruals	906,848	877,118	887,352	852,883
Social security and other taxes	340,982	314,656	342,199	314,656
Corporation tax (note 10)	-	505,836	-	-
Other creditors	21,821	6,117	21,820	6,117
Bank Loan	-	5,000,000	-	5,000,000
Deferred income	2,574,509	2,490,343	2,574,509	2,434,597
	3,844,160	9,194,070	3,825,880	8,608,253

Notes to the financial statements (continued)

19. Deferred taxation

	The Group £	The Company £
Balance at 1 July 2018	176,284	176,284
Profit and loss account	(176,284)	(176,284)
Balance at 30 June 2019	<u>-</u>	<u>-</u>

	The Group		The Company	
	2019 £	2018 £	2019 £	2018 £
The deferred tax asset comprises the following timing differences				
Fixed asset timing differences	-	9,868	-	9,868
Losses and other deductions	-	(181,222)	-	(181,222)
Short term timing differences	-	(4,930)	-	(4,930)
	<u>-</u>	<u>176,284</u>	<u>-</u>	<u>176,284</u>

20. Reserves

General funds

This includes all current and prior period profits and losses.

21. Contingent liabilities

The Group and the Company had no contingent liabilities at 30 June 2019 or 30 June 2018.

Notes to the financial statements (continued)

22. Leasing commitments

Future total minimum rentals payable under non-cancellable operating leases are as follows:

The Group and the Company

	Land and Buildings £	2019 Other £	Land and Buildings £	2018 Other £
Within one year	311,400	4,579	285,452	4,496
Between one and five years	155,700	1,704	10,167	3,292
In more than five years	-	-	-	-
	467,100	6,283	295,619	7,788

23. Pensions

Defined contribution pension scheme

The pension charge for the period was £190,643 (2018: £181,420) representing contributions payable under the Group Personal Pension Plan (GPPP), which is a defined contribution pension scheme. Contributions outstanding at the year-end of £217 (2018: £Nil) are included in creditors.

24. Related party transactions

The amounts payable to key management personnel for the year amounted to £1,139,905 (2018: £975,810).

Ultimate controlling party

The Company has no ultimate controlling party. It is a company limited by guarantee.