

**British Accreditation
Council for Independent
Further and Higher
Education**

**Annual Report and Financial
Statements**

31 August 2020

Company Registration Number
01828990 (England and Wales)

Charity Registration Number
326652



Reference and administrative details

Members of the Council	<p>Dominic Scott OBE (Chairman)</p> <p>Dr Ann Read</p> <p>Colette Fletcher (Student member)</p> <p>Prof David Law (Deputy Chair)</p> <p>Marc Griffith (appointed 1 April 2020)</p> <p>Dr Esther Huertas (appointed 1 April 2020)</p> <p>Dr Anthony Manning (appointed 1 April 2020)</p> <p>David Bland OBE (resigned 6 February 2020)</p> <p>Habes Howail (resigned 7 June 2020)</p> <p>Karena Maguire (resigned 5 November 2019)</p> <p>Kevin Everett</p> <p>Prof Mary Bishop</p> <p>Dr Stephen Jackson (Honorary Treasurer)</p> <p>Dr Victoria Stec</p>
Company Secretary	<p>Dr Janet Bohrer (appointed 21 October 2019)</p> <p>David Bland OBE (resigned 6 February 2020)</p>
Registered office	<p>C/O Buzzacott Llp</p> <p>130 Wood Street</p> <p>London</p> <p>EC2V 6DL</p>
Company registration number	01828990 (England and Wales)
Charity registration number	326652
Auditor	<p>Buzzacott LLP</p> <p>130 Wood Street</p> <p>London</p> <p>EC2V 6DL</p>
Solicitor	<p>Bates Wells and Braithwaite London LLP</p> <p>10 Queen Street Place</p> <p>London</p> <p>EC4R 1BE</p>
Banker	<p>CAF Bank</p> <p>25 Kings Hill Avenue</p> <p>West Malling</p> <p>Kent</p> <p>ME19 4JQ</p>

Reference and administrative details

Investment manager	Octopus Investments Limited 20 Old Bailey London EC4M 7AN
Key Management Personnel	Paul Fear (resigned Chief Executive 13 September 2019) Dr Janet Bohrer (appointed Chief Executive 21 October 2019) Diana Morriss (Chief Inspector)

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Report of the Council Year to 31 August 2020

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 2020.

The financial statements have been prepared in accordance with the accounting policies set out on page 20 to 23 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 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.

A number of terms of offices came to an end during this financial year and through processes of transparency the Standing Committee acting as the nominations committee selected and put to Council a number of new members that were approved from April 2020.

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)

Induction and training of Council members (continued)

The charity previously identified induction and training of members for further development, as result, an online induction event was held for the new Trustees 20th May 2020 with all BAC staff and Standing Committee members.

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

Structure, governance and management (continued)

Statement of Council's responsibilities (continued)

- 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

During the 2019/20 financial year, BAC embedded the new governance structure designed to strengthen Council oversight of the organisation which had been adopted in the previous financial year.

The new governance structure now 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 has been created to provide financial and regulatory oversight. A Standing Committee has been created which 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 current Chair of the Council is Dominic Scott OBE.

The responsibility for decisions on accreditation is overseen by the Accreditation Committee (AC). The AC is ratified by the Council and consists of members appointed by virtue of their experience and expertise with regard to educational standards. The current chair of the Accreditation Committee is Dr Ann Read. 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 usually meets up to eight times a year.

CEO Paul Fear resigned on 13 September 2019. Dr Janet Bohrer was appointed as Chief Executive of BAC and took up the role from 21 October 2019.

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.

Structure, governance and management (continued)

Key management personnel (continued)

There was no pay review for the CEO in the year and a pay freeze for BAC staff in the year.

Dr Janet Bohrer the Chief Executive successfully completed the probationary period in April 2020.

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:

- BAC inspection 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.

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 2019 to August 2020 and compares these with the figures from the previous year.

	September 2019 to August 2020	September 2018 to August 2019
New institutions awarded accreditation – UK	14	13
New institutions awarded accreditation – overseas	5	2
Total number of accredited institutions	225	227
Withdrawals	17	19
Overseas accredited institutions	33	32
Applications received from new institutions	15	24
Inspections conducted	100	146

Progress made: BAC's objectives 2019-20

With regard to BAC's objectives for 2019/20 the following progress has been made:

Objective	Key achievements
Develop 'value-added' services	BAC completed a suite of value-added activities and products entitled 'The Provider Journey'. The activities include virtual support through to a marketing pack designed to help providers communicate with their stakeholders.
Raise BAC's profile amongst British and international training providers	BAC's profile continues to be raised amongst British and international training providers overseas with accreditation activities taking place in 19 countries.
Reduce the number of voluntary withdrawals by institutions	BAC has seen a reduced number of withdrawals within the year due to the pandemic. We are closely monitoring this as we expect a possible increase in withdrawals in the following period. To support institutions we have adapted our dormancy procedures and developed payment plans to help reduce the number of withdrawals.

Report of the Council Year to 31 August 2020

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.

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)	<p>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.</p> <p>BAC has significantly increased due diligence in accepting new and reaccreditation applications and developed and implemented a more rigorous inspection process to build and maintain confidence in the inspection and accreditation process.</p> <p>During the pandemic BAC has developed and piloted online inspection processes that continue to provide a robust and rigorous regime to inspecting standards but in a Covid-19 secure way.</p> <p>We are diversifying income streams to reduce reliance on the UK market and limit the impact of an unexpected change in government policy.</p>
Loss of key staff	<p>BAC have developed Standard Operating Procedures (SOPs) for common processes so that other members of staff can take over when a staff member leaves BAC.</p> <p>BAC have improved the quality of training to disseminate skills and good practice within the organisation.</p> <p>We have improved internal communication within the organisation to help engage staff, supporting the government guidance for working from home orders that includes twice weekly online team meetings.</p> <p>Pay and other fiscal rewards are competitive with competing organisations and where possible we have also adopted a flexible working policy.</p> <p>Impact of Covid-19: We have supported staff in their move to working from home. No staff have been furloughed during the pandemic crisis but we have imposed a pay freeze during the financial year 2020-2021.</p>

Risk management (continued)

Identified Risk	Mitigating Actions
Financial loss arising out of financial impropriety	<p>BAC maintains a large financial reserve equivalent to 18 months of operating costs.</p> <p>BAC has extensive and transparent financial controls and has chosen to adopt an external auditing policy which exceeds legal requirements.</p> <p>BAC has independent auditors who have a reputation for independence and rigour.</p> <p>There is a division of responsibility with the Finance Section and we have a BAC external auditor scrutinizing BAC finances and budgets.</p>
Competition increases in the quality assurance arena	<p>BAC conducts regular reviews of BAC processes to ensure they meet the needs of external stakeholders Having been externally reviewed by ENQA we are using those review findings to help design how we approach our reviews of our processes in the future and we have produced an action plan and objectives detailing how these reviews will be incorporated into BAC work over the coming year.</p> <p>BAC continues to develop products and processes to ensure they remain world leading in terms of quality assurance.</p> <p>We are working to improve the BAC profile in all markets in which we operate; For example, by offering some free workshops facilitated by an external to BAC international quality assurance expert.</p> <p>We have built and continue to build and develop links with stakeholders through webinars, For example publishing the series of webinars for next year and undertaking a survey to see how we should develop our newsletter in the future Newsletter and the Provider Journey.</p> <p>We maintain strict cost controls to allow competitive prices to be offered to existing and new providers.</p> <p>We are increasing investment in developing and promoting BAC across all markets.</p>

Risk management (continued)

Identified Risk	Mitigating Actions
<p>Reputational damage arising out of inappropriate activity or behaviour</p>	<p>BAC has embedded integrity and transparency across all activities.</p> <p>All BAC representatives are DBS checked when working with under 18s; BAC only completes the DBS renewal once the identity documents are seen. Due to COVID-19, the verification has been conducted online.</p> <p>BAC has produced clear inspection guidelines and conducts monitoring inspections to ensure they are adhered to; Revised by the Chief inspector and circulated to the BAC inspectorate in Oct 2020 after their annual training event (This year online).</p> <p>The Bribery and Anti-Corruption policy is strictly enforced and monitored.</p> <p>BAC adheres to all aspects of competition law and all staff, trustees and committee members fully understand CMA requirements.</p> <p>There is ongoing training of all BAC staff and associates to embed and instill the values and expectations of the organization.</p> <p>BAC has the necessary legal insurance requirements and professional indemnity cover to provide financial support in the event BAC is accused of acting inappropriately.</p>
<p>Catastrophic infrastructure failure</p>	<p>All data is now backed up offsite with very limited held only in the BAC offices.</p> <p>Key IT infrastructure is now in the Cloud with greater security and multiple backup processes.</p> <p>In the event of damage to premises BAC telephone services can be rerouted to staff mobiles. This was demonstrated by the move to home working from March 2020.</p> <p>Financial information is held in the Cloud via Sage and is considered to be as secure as is feasibly possible for an organisation of BAC's size. To increase security with remote working, all staff were issued with a new BAC laptop which our IT support had configured accordingly. This increased cyber security and data protection levels as prior to this personal IT equipment had been utilised.</p>

Risk management (continued)

Identified Risk	Mitigating Actions
International Recession	<p>We maintain awareness of leading economic indicators.</p> <p>We maintain close links with the sector to monitor sector feedback. The pandemic provided the opportunity for more BAC staff to attend sector wide events as they were held online and we didn't have to purchase travel.</p> <p>We continue to provide added value activities thereby increasing the value of BAC accreditation.</p> <p>We continue to communicate the value of accreditation to BAC providers, educators, students and governments.</p>

Operational response to the COVID-19 pandemic were as follows:

- In response to government guidance on lockdown and tier requirements, BAC staff moved to home working from March 2020. The pandemic accelerated our digitalisation and cloud working processes, all staff members have been provided with a laptop which has been pre setup and delivered to their homes. Staff were also offered up to £100 to buy equipment that would support their own home working situations.
- The BAC policy on inspections was reviewed and our processes and inspections are being moved online in a way that will maintain a robust approach to quality and standards for the foreseeable future. We are supporting 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.
- BAC staff prioritised 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 also in October 2020. We are also currently developing a programme for further webinars and workshops that we will make available to Providers during the rest of 2020-2021.
- 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.

Covid-19 Impact on Financial Controls (continued)

The audit committee has increased the levels of supervision on cashflow in response to the increased liquidity risk; the charity has taken step 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. In response to the government restrictions imposed, we have postponed 60 inspections to be carried out in the following year; a number of client institutions have also requested for dormancy or payment plans. This has led to less than expected income and has also affected 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, 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

Investment policy

The value of BAC's investments, a mixture of equities and fixed income, increased to £1,105,131, in 2020 (2019 - £1,098,543). BAC's investments are held in a managed investment portfolio with Octopus (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 £237,895 (2019 – £319,340). 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 at 31 August 2020 were 1,087,048 (2019 – 1,090,956) 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 as the reserves policy reflects only the minimum level of free reserves required.

Over the forthcoming coming year, the Council will give due consideration if required to mitigate against any loss of business due to the number of providers unable to operate due to 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.

Income

Accreditation fees

BAC took the decision not to raise fees this year. The annual accreditation fee per full-time equivalent (FTE) student was £14.85 with a maximum annual accreditation fee of £8,000. The rate per course day for accredited short course providers was set to £16.97 with a maximum annual accreditation fee of £3,872.50. International centres, the minimum annual fee up to 2,000 course days was set to £2,652.25 and the maximum annual accreditation fee was set to £5,067.60.

Overall inspection fees have increased by approximately 10%, 2020 - £338,409 (2019 - £302,517), this is largely due to the increase in number of students for providers as well as an increase in total number of accredited providers.

Inspection Fees

Inspection fees have reduced in the year by 40%, this is a result of the change in schedule for planned inspections. Approximately 50 inspections have been planned and likely to take place in the 20/21 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 had recovered from the drop in value in March 2020, the net gain for the year is £8,546. 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.

The charity has also benefited from a grant made available by City of London of £10,000 as a discretionary grant to support the charity during the pandemic.

Fundraising statement

The charity does not actively undertake fundraising activities and does not employ the services of Professional Fundraisers. During 2019/20, the charity received no complaints about its fundraising activities.

Expenditure

Charitable Activities

Direct expenditure on inspections has reduced by 28%, 2020 - £169,155 (2019 - £233,505), this is correlated to the reduced inspection income, and is likely to increase in the following year when the delayed inspections take place.

Staff Costs and Running Costs

Staffing costs have reduced by 12%, 2020 - £377,371 (2019 - £427,950), this is a result of reduced number of staff hours.

Running costs and other support costs have also reduced by 4%, 2020 - £230,737 (2019 - £239,988).

Financial Summary

A summary of the year's results can be found on page 17 of the financial statements. The deficit for the year before gains on investments was £9,153 (2019 – £62,848).

The net deficit for the year was £607 after gains on investments of £8,546 (2019 – net expenditure of £50,528 after gains on investments of £12,320).

Even considering the impact of Covid-19, the charity has performed well in the year: the deficit has reduced by approximately £45,000, this can mainly be attributed to the increase in number of accredited organisations and from reduced costs related with streamlining processes, increasing the efficiency and effective use of staff hours and a decrease in running costs.

Future plans

Council agreed the three key priorities as follows:

Area of Priority	Focus	Requirements and Actions
1. Business Strand	To develop our ways of working	Requires a review of the fundamental basis of our business our Standards which in turn will influence the detail of our methods of inspection and reporting.
2. Digital Engagement Strand	To develop how we engage, particularly digitally	Requires an update of our systems making information more transparent and supporting / developing online activities for our Providers and our Inspectors. Requires a platform by which we can promote community.
3. Global Strand	To develop our work in Europe and Internationally	Requires a proactive (not reactive) approach to opportunities in different sectors and regions.

Central to delivering these priorities is the re-evaluation for the future fitness of the BAC Standards. To support strategic growth a better positioning of those Standards is needed to be able to align more closely with other European and International contexts.

A series of planned work activities to consider the approach was started and halted because of the pandemic in March 2020. After the initial emergency responses to support BAC providers a review of the BAC standards used across BAC schemes and that were common to all was undertaken in Spring 2020.

Report of the Council Year to 31 August 2020

Future plans (continued)

This paved the way to the immediate pandemic response of moving all BAC processes online. This complete move to online was considered a short-term solution with a more hybrid approach to site visits envisaged into the future. This is impossible to develop at present because of the current UK government guideline for Covid-19 secure working and for international travel.

BAC objectives for 2020-21 are as follows

STRATEGY	1. Developing and reinforcing BAC strategic directions
	2. Revising the Standards Framework to apply for all BAC schemes
	3. Unifying Schemes under the revised Standards Framework
	4. Strengthening the BAC community through national, European and international initiatives.
GOVERNANCE	5. Reviewing and maintaining of Committees <ul style="list-style-type: none">- Council- Standing Committee- Audit Committee- Accreditation Committee
INSPECTIONS	6. Maintaining and digitalizing processes
	7. Scheme Reviews and Thematic Reviews
OPERATIONS	8. Re-evaluating job posts and responsibilities
	9. Annual Audit of financial accounting
	10. Securing premises including H&S

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.

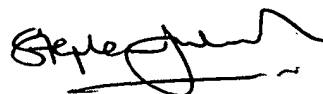
As such the Trustees of the BAC continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Approved by the Council on

Date: 09/02/2021

and signed on its behalf by:

Dr Stephen Jackson



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

Opinion

We have audited the financial statements of the British Accreditation Council (the 'charitable company') for the year ended 31 August 2020 which comprise the statement of financial activities, the balance sheet, the statement of cash flows 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 charitable company's affairs as at 31 August 2020 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.

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 were:

- the Council members' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Council members have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable 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 Council members are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 Report of the Council for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Council 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 Report of the Council.

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 Council members' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Council members 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 Report of the Council and from the requirement to prepare a strategic report.

Responsibilities of the Council

As explained more fully in the Statement of Council's responsibilities, the Council members 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 Council members 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 Council members 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 Council members 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.

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 this report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Buzzacott LLP

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

12 February 2021

Statement of financial activities (including income and expenditure account)
Year to 31 August 2020

	Notes	Unrestricted funds	
		Total 2020 £	Total 2019 £
Income from:			
Donations and grants		10,000	—
Charitable activities			
. Accreditation and inspection fees	1	757,768	838,366
Investments	2	342	229
Total income		768,110	838,595
Expenditure on:			
Raising funds		1,959	1,992
Charitable activities			
. Accreditation and inspection		775,304	899,451
Total expenditure	3	777,263	901,443
Net expenditure before gains on investments		(9,153)	(62,848)
Gains on investments	8	8,546	12,320
Net expenditure and net movement in funds		(607)	(50,528)
Reconciliation of funds			
Total funds brought forward		1,099,181	1,149,709
Total funds carried forward		1,098,574	1,099,181

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

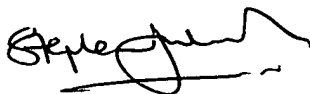
The charity has no recognised gains or losses other than those shown above.

Balance sheet 31 August 2020

	Notes	2020 £	2020 £	2019 £	2019 £
Fixed assets					
Tangible fixed assets	8	11,526		8,225	
Investments	9	1,105,131		1,098,543	
			1,116,657		1,106,768
Current assets					
Debtors	10	81,505		104,128	
Cash at bank and in hand		237,895		319,340	
		319,400		423,468	
Creditors: amounts falling due within one year	11(a)	(334,205)		(431,055)	
Net current liabilities			(14,805)		(7,587)
Creditors: amounts falling due after one year	11(b)		(3,278)		—
Total net assets			1,098,574		1,099,181
The funds of the charity					
Unrestricted funds					
. General funds			1,087,048		1,090,956
. Tangible fixed asset fund	12		11,526		8,225
Total funds			1,098,574		1,099,181

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

Dr Stephen Jackson



Date: 09/02/2021

Company Registration Number 01828990 (England and Wales)

Statement of cash flows Year to 31 August 2020

	Notes	2020 £	2019 £
Cash flows from operating activities:			
Net cash (used in) provided by operating activities	A	(73,425)	46,750
Cash flows from investing activities:			
Purchase of tangible fixed assets		(10,321)	(3,759)
Investment income received		342	229
Proceeds from sale of investments		116,579	73,494
Purchase of investments		(114,620)	(21,501)
Net cash (used in) provided by investing activities		(8,020)	48,463
Change in cash and cash equivalents in the year		(81,455)	95,213
Cash and cash equivalents at 1 September 2019	B	319,340	224,127
Cash and cash equivalents at 31 August 2020	B	237,895	319,340

Notes to the statement of cash flows for the year to 31 August 2020.

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

	2020 £	2019 £
Net movement in funds (as per the statement of financial activities)	(607)	(50,528)
Adjustments for:		
Depreciation charge	7,020	6,872
Net gains on investments	(8,546)	(12,320)
Decrease (increase) in debtors	22,632	(743)
(Decrease) increase in creditors	(93,572)	103,698
Investment income receivable	(342)	(229)
Net cash (used in) provided by operating activities	(73,425)	46,750

B Analysis of cash and cash equivalents

	2020 £	2019 £
Total cash and cash equivalents: Cash at bank and in hand	237,895	319,340

C Analysis of changes in net debt

	At 1 September 2019	Cash flows	At 31 August 2020
Cash at bank and in hand	319,340	(81,445)	237,895
Total	319,340	(81,445)	237,895

Principal accounting policies Year to 31 August 2020

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 2020 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 £14,805 at 31 August 2020 (2019 – net current liabilities of £7,587), 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 2020/21 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 2021, 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.

Principal accounting policies Year to 31 August 2020

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	20% on cost

Fixed asset investments

Fixed asset investments consist of the shares in the charity's dormant subsidiary, BAC Limited, which has been dissolved in the year on the 30 October 2018, and 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 2020

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.

Notes to the financial statements Year to 31 August 2020

1 Income from charitable activities – Accreditation and inspection fees

	2020 £	2019 £
Accreditation Fees UK	338,409	302,517
Inspection Fees UK	111,334	271,183
Application Fees	7,000	—
Inspection Management Fee	39,393	—
Accreditation Fees Overseas	122,201	102,364
Inspection Fees Overseas	63,961	79,502
Educational Consultancy Income	38,460	46,800
Other Fees	37,010	36,000
	757,768	838,366

2 Investment income

	2020 £	2019 £
Interest receivable	342	229

3 Expenditure on:

	Direct costs £	Support costs			2020 Total £	2019 Total £
		Running costs £	Finance £	Staff costs £		
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

	2020 £	2019 £
Legal and professional fees	8,747	6,014
Council expenses	3,443	7,954
Accountancy fees	2,390	3,046
Auditor's remuneration	9,740	8,500
	24,321	25,514

Notes to the financial statements Year to 31 August 2020

5 Net expenditure

	2020 £	2019 £
Net expenditure is stated after charging:		
Auditor's remuneration – statutory audit		
Current year	9,740	8,500
Depreciation	7,020	6,872

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 £132,496 (2019 - £203,113).

No Council members received any remuneration or other benefits for the year ended 31 August 2020 (2019: none)

Expenses totalling £2,261 were reimbursed to the 9 Council members for out-of-pocket expenses (2019 - £6,307 to 11 Council members).

7 Staff costs

	2020 £	2019 £
Wages and salaries	311,889	355,920
Social security costs	28,751	34,794
Pension costs	29,042	32,076
Agency & Freelance staff	7,689	5,160
	377,371	427,950

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

	Average headcount	
	2020 No.	2019 No.
Administration/ management	4	5
Inspection	2	2
Accreditation	3	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:

	2020 No.	2019 No.
£70,001 - £80,000	1	1

8 Tangible fixed assets

	Computer equipment and office furniture £	Fixtures and fittings £	Total £
Cost			
At 1 September 2019	62,279	18,326	80,605
Additions	10,321	—	10,321
Disposals	—	(18,326)	(18,326)
At 31 August 2020	<u>72,600</u>	<u>—</u>	<u>72,600</u>
Depreciation			
At 1 September 2019	57,719	14,661	72,380
Charge for the year	3,355	3,665	7,020
Eliminated on disposal	—	(18,326)	(18,326)
At 31 August 2020	<u>61,074</u>	<u>—</u>	<u>61,074</u>
Net book value			
At 31 August 2020	<u>11,526</u>	<u>—</u>	<u>11,526</u>
At 31 August 2019	<u>4,560</u>	<u>3,665</u>	<u>8,225</u>

9 Fixed assets investments

	2020 £	2019 £
Market value		
At 1 September 2019	1,098,543	1,138,216
Additions at cost	114,620	21,500
Disposal at opening market value (proceeds £116,577; loss £2,968)	(119,546)	(72,482)
Net unrealised gain	11,514	11,309
At 31 August 2020	<u>1,105,131</u>	<u>1,098,543</u>
Cost		
At 31 August 2020	<u>924,968</u>	951,621
At 31 August 2019	<u>951,621</u>	951,621

	Total 2020 £
Unrealised gains included above on listed investments (see below)	185,089
Reconciliation of movements in unrealised gains on investments	
Unrealised gains at 1 September 2019	173,575
Net unrealised gains in the year	11,514
Unrealised gains at 31 August 2020	<u>185,089</u>

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 2020:

	Market Value	%
FP CAF UK Equity C Acc	187,753	17%
FP CAF International Equity C Acc	421,381	38%
FP CAF Alternative Strategies C Acc	303,571	27%
FP CAF Fixed interest C Acc	192,424	17%

Listed investments held at 31 August 2020 comprised the following:

	2020 £	2019 £
UK Equities	187,753	191,109
Overseas Equities	421,381	415,368
Alternative Strategies	303,571	299,903
UK fixed interest	192,424	192,163
	1,105,129	1,098,543

10 Debtors: amounts falling due within one year

	2020 £	2019 £
Charitable activity debtors	62,462	66,360
Prepayments and accrued income	19,043	36,153
Other debtors	—	1,615
	81,505	104,128

11 (A) Creditors: amounts falling due within one year

	2020 £	2019 £
Charitable activity creditors	12,528	15,655
Social security and other taxes	47,273	10,077
Accruals	44,455	27,286
Deferred income	229,072	372,316
Other creditors	876	5,721
	334,204	431,055

Deferred income relates to inspection fees received in advance of inspections taking place. Movements on deferred income are shown below:

	2020 £
Deferred income at 1 September 2019	372,316
Resources released in the year	(372,316)
Resources deferred in the year	229,072
Deferred income at 31 August 2020	229,072

Notes to the financial statements Year to 31 August 2020

11 (B) Creditors: amounts falling due after one year

	2020 £
Provisions	3,278
	<u>3,278</u>

12 Fixed asset fund

	Total £
At 1 September 2019	8,225
Net movements in year	3,301
At 31 August 2020	<u>11,526</u>

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

Other than as set out in note 6, there were no 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 2020 the charity had total commitments under non-cancellable operating leases as follows:

	2020 Land and buildings £	2019 Land and buildings £
Operating lease payable		
Within one year	—	75,195
Between 2 to 5 years	—	—