

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

**Annual Report and Financial
Statements**

31 August 2021

Company Registration Number
01828990 (England and Wales)

Charity Registration Number
326652



<http://www.the-bac.org/>

Reference and administrative details

Members of the Council	Dominic Scott OBE (Chairman) Prof David Law (Deputy Chair) Marc Griffith Dr Esther Huertas Dr Anthony Manning Kevin Everett Prof. Mary Bishop Dr Stephen Jackson (Honorary Treasurer) Dr. Victoria Stec MD. Mahbubal Alam (Student member - Appointed 1 Oct 2021) Dr. Nicola Mellor (Appointed 1 Oct 2021)
Company Secretary	Dr Janet Bohrer
Registered office	C/O Buzzacott Llp 130 Wood Street London EC2V 6DL
Company registration number	01828990 (England and Wales)
Charity registration number	326652
Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL
Solicitor	Bates Wells and Braithwaite London LLP 10 Queen Street Place London EC4R 1BE
Banker	CAF Bank 25 Kings Hill Avenue West Malling Kent ME19 4JQ
Investment manager	Aberdeen Standard Capital 1 George Street Edinburgh EH2 2LL

Reference and administrative details

Key Management Personnel	Dr Janet Bohrer Diana Morriss (Chief Inspector)
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Report of the Council Year to 31 August 2021

The members of the Council present their annual report together with the audited financial statements of the British Accreditation Council for Independent Further and Higher Education ('British Accreditation Council' or 'BAC') for the year ended 31 August 2021.

The financial statements have been prepared in accordance with the accounting policies set out on page 26 to 29 therein and comply with the charitable company's Memorandum and Articles of Association, applicable laws and the requirements of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102).

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

Structure, governance and management

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

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

The directors are treated as trustees for Charities Act purposes.

Members of the Council

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

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

One member of Council resigned during this financial year.

Induction and training of Council members

At the recruitment stage potential Council members are given extensive information about the organisation and are fully informed of the purpose and charitable objectives of BAC. Potential trustees are then invited to meet with the Standing Committee to discuss the challenges facing the organisation and their potential contribution to the charity.

Structure, governance and management (continued)

Statement of Council's responsibilities

The Council members (who are also directors of the British Accreditation Council for Independent Further and Higher Education for the purposes of company law) are responsible for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Council members to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the income and expenditure of the charitable company for that period.

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

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

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

Each of the Council members confirms that:

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

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

Structure, governance and management (continued)

Statement of Council's responsibilities (continued)

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

Governance

The governance structure consists of the Council, which is formed of the trustees, and acts as the Board of Directors. The Council meets three times a year. An Audit Committee provides financial and regulatory oversight. The Standing Committee is a subcommittee of the Council. The Standing Committee meets between Council meetings and more regularly during the pandemic than previous years to provide continuity and support the charity. The Standing Committee has, as members, the Chair of the Council, the Deputy Chair of the Council and the Honorary Treasurer. Duties of Nominations and Governance are discharged by the Standing Committee.

The Chair of the Council is Dominic Scott OBE.

The responsibility for decisions on accreditation is overseen by the Accreditation Committee (AC). The AC is appointed by the Council and consists of members appointed by virtue of their experience and expertise with regard to educational standards. Dr Anthony Manning has been appointed as the Chair of the Accreditation Committee, taking over on the same day Dr Ann Read stepped down (resigned 14 October 2021). The Accreditation Committee receives the reports of completed inspections and takes decisions on the award or withdrawal of accreditation, making its recommendations based on BAC's accreditation policy and procedures. It also regularly reviews the quality assurance criteria used by inspectors in making judgements and recommendations. The Committee had seven meetings this year.

Key management personnel

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

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

Other transactions with members of the Council are disclosed in note 6.

Public benefit

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

Structure, governance and management (continued)

Public benefit (continued)

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

Fundraising statement

The charity does not actively undertake fundraising activities and does not employ the services of Professional Fundraisers. During 2020/21, the charity received no complaints about its fundraising activities.

Objectives and activities

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

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

Report of the Council Year to 31 August 2021

Achievement and performance

Accreditation and inspection activity

The table below gives details of the applications received, inspections carried out and awards of accreditation in the period September 2020 to August 2021 and compares these with the figures from the previous year.

	September 2020 to August 2021	September 2019 to August 2020
New institutions awarded accreditation – UK	13	13
New institutions awarded accreditation – overseas	1	6
Total number of accredited institutions	213	225
Withdrawals	24	18
Overseas accredited institutions	34	33
Applications received from new institutions	14	15
Inspections conducted	93	100

Progress made: BAC's objectives 2020-21

With regard to BAC's objectives for 2020/21 the following progress has been made:

Area	Objective	Progress
STRATEGY	Developing and reinforcing BAC strategic directions	Development of the strategic plan started in September 2021 and expected to be published by March 2022.
	Revising the Standards Framework to apply for all BAC schemes	BAC completed conversations with Inspectors and Providers about creating an overarching framework of Standards under which all BAC inspection schemes could be aligned. Phase two of the project is in the planning phase.
	Unifying Schemes under the revised Standards Framework	

Achievement and performance (continued)

Progress made: BAC's objectives 2020-21 (continued)

	Strengthening the BAC community through national, European and international initiatives.	<p>The BAC webinar series for 2021 was published in January 2021 attracting over 120 delegates.</p> <p>A series of free facilitated workshops were offered to providers between October 2020 and June 2021 supporting a quality assurance enhancement agenda.</p> <p>BAC secured the chairmanship of an ENQA project about micro credentials. BAC will take the responsibility for the timely and successful delivery of the project output and will host the final dissemination event at Wax Chandlers Hall London in Autumn 2022.</p> <p>BAC staff and Council members were encouraged to attend online Quality Assurance events to support their development and engagement in the wider quality assurance debates. This activity is recorded on the CPD database and will continue to be encouraged.</p>
GOVERNANCE	<p>Reviewing and maintaining of Committees</p> <ul style="list-style-type: none"> -Council -Standing Committee -Audit Committee -Accreditation Committee 	<p>New role of Governance and Business Development Manager started in April 2021.</p> <p>The Articles of Association were reviewed in April 2021 and were considered fit-for-purpose.</p> <p>A review of Terms of Reference was started with the goal to have this completed for final Council approval in June 2022.</p> <p>New members of Council and the Accreditation Committee were appointed, including a student member for each. Their tenure started in September and October 2021.</p>
INSPECTIONS	Maintaining and digitalising processes	<p>Processes and inspections continued online in a way which maintains a robust approach to quality and standards for the foreseeable future. We supported our inspectors with this move to online processes through an online training event held in October 2020 also attended by members of Council and the Accreditation Committee. This complete move to online was considered a short-term solution with a more hybrid approach to site visits starting from November 2021.</p>

Achievement and performance (continued)

Progress made: BAC's objectives 2020-21 (continued)

	Scheme Reviews and Thematic Reviews	A working group made up of BAC staff, inspectors, providers and other stakeholders undertook a review of the ODBL scheme during 2019-2020 and the updated scheme was launched ready for use from September 2020.
OPERATIONS	Re-evaluating job posts and responsibilities	Staff evaluations were completed and amendments to contracts were produced and signed where necessary. A letter stating the annual salary and benefits of employment were issued at the beginning of the financial year to all staff. The annual leave entitlement and amount of rollover was adjusted to take account of the pandemic.
	Annual Audit of financial accounting	Following the Annual Financial Audit the first BAC annual report was designed and circulated with the annual invoice requests for accreditation fees. It is proposed to make this a regular publication.
	Securing premises including H&S	<p>New office premises at Wax Chandlers Hall was sourced and the lease signed from 15th January 2021 to the 24 Dec 2024.</p> <p>BAC developed the 'Back to Office Working Plan' and appropriate Health and Safety and covid secure audits have taken place. Office staff returned to some limited office working from 19 July 2021, working in two operational bubbles for the first six weeks with cleaning between each bubble work days. A review took place in September 2021 and flexible working arrangements remained in place.</p>

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.

Report of the Council Year to 31 August 2021

Risk management (continued)

The Council members have identified the key risks to the charity as:

Identified Risk	Mitigating Actions
<p>Change in government short term study student visa regime (STSV)</p>	<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 in order to build and maintain confidence in the inspection and accreditation process; and</p> <p>BAC are diversifying income streams to reduce reliance on the UK market and limit the impact of an unexpected change in government policy.</p>
<p>Loss of key staff</p>	<p>We have developed Standard Operating Procedures (SOPs) for common processes so that other members of staff can take over when a staff member leaves BAC;</p> <p>We 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;</p> <p>We are working to offer staff the opportunity to work on across the organisation, so they develop their knowledge and skills across all BAC processes and increase BAC's resilience;</p> <p>We are adopting a more entrepreneurial operating environment offering increased responsibility for all staff; and</p> <p>Pay and other fiscal rewards are competitive with competing organisations and where possible we have adopted a flexible working policy.</p>

Risk management (continued)

Identified Risk	Mitigating Actions
<p>Financial loss arising out of financial impropriety</p>	<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; and</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>
<p>Competition increases in the quality assurance arena</p>	<p>BAC conducts regular reviews of BAC processes to ensure they meet the needs of external stakeholders;</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;</p> <p>BAC have built and continue to build and develop links with stakeholders through webinars, the Newsletter and the Provider Journey;</p> <p>BAC maintain strict cost controls to allow competitive prices to be offered to existing and new providers;</p> <p>BAC are increasing investment in developing and promoting BAC across all markets.</p>

Risk management (continued)

Identified Risk	Mitigating Actions
Reputational damage arising out of inappropriate activity or behaviour	<p>BAC has embedded integrity and transparency across all activities;</p> <p>All BAC representatives are DBS checked when working with under 18s;</p> <p>BAC has produced clear inspection guidelines and conducts monitoring inspections to ensure they are adhered to;</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 organisation;</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>
Catastrophic infrastructure failure	<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 temporary accommodation</p> <p>Financial information is now held in the Cloud via Xero and is considered to be as secure as is feasibly possible for an organisation of BAC's size.</p>
Regulatory Framework changes	<p>We maintain awareness of the political debate;</p> <p>We identify possible outcomes of different scenarios; and</p> <p>We review the impact of possible scenarios on a regular basis to monitor the impact on BAC accredited institutions or on the impact on BAC's right to conduct accreditation activities.</p>

Risk management (continued)

Identified Risk	Mitigating Actions
Significant and prolonged downturn in stock markets negatively impacting BAC investments and reducing capital to invest	We take expert advice on management of BAC investments.
Loss of ENQA Membership/ EQAR Listing	<p>We have given responsibility for ENQA/EQAR oversight to a designated member of staff who reports directly to the Standing Committee on ENQA/EQAR compliance;</p> <p>We give the member of staff the necessary time and resources to attend ENQA events and to keep up to date with ENQA/EQAR membership/ listing requirements; and</p> <p>We review BAC procedures to make sure they are ENQA compliant on a regular basis.</p>
International Recession	<p>We maintain awareness of leading economic indicators;</p> <p>We maintain close links with the sector to monitor sector feedback;</p> <p>We continue to provide added value activities thereby increasing the value of BAC accreditation; and</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 was as follows:

- ◆ BAC developed the 'Back to Office Working Plan' and appropriate Health and Safety and Covid secure audits took place. Office staff returned to some limited office working from 19 July 2021, working in two operational bubbles for the first six weeks with cleaning between each bubble workdays and reviewed after six weeks. Flexible working arrangements remains in place.
- ◆ Processes and inspections continued online in a way which maintains a robust approach to quality and standards for the foreseeable future. We supported our inspectors with this move to online processes through an online training event held in October 2020 also attended by members of Council and the Accreditation Committee. This complete move to online was considered a short-term solution. From November 2021, BAC introduced a hybrid approach to inspections involving the use of both online and onsite inspection activities. However, we also retain the options of carrying out inspections totally onsite as well as totally online. Decisions about what approach to use will be based on a set of objective criteria, in order to ensure consistency.

Report of the Council Year to 31 August 2021

Risk management (continued)

- ◆ BAC staff continued to prioritise the support of our community with pragmatic solutions (e.g. FAQs on our website, offering individual discussions for providers with BAC staff and offering discounts/payment plans for inspections and accreditation fees where Provider business had been seriously curtailed).
- ◆ We offered our Accredited Providers a free facilitated workshop Building on lessons Learned: From Emergency Response to Planned Action in October 2020.
- ◆ A series of free facilitated workshops were offered to Providers between October 2020 and June 2021.
- ◆ BAC staff and Council members have been encouraged to attend online Quality Assurance events to support their development and engagement in the wider quality assurance debates.

Covid-19 Impact on Financial Controls

There has been very little impact to the day to day financial control of the charity. The financial processes are all paperless and managed through Cloud software, allowing the financial controls to function as normal.

The Audit Committee has increased the levels of supervision on cashflow in response to the increased liquidity risk; the charity has taken steps to ensure that liquidity of funds does not impact the day to day running of the operations.

Covid-19 Impact on Financial Performance

Covid-19 has had a significant impact on the financial performance of the charity.

As a result of the imposed government restrictions, many providers have had reduced numbers of students enrol which has impacted on their income, we have seen an increased number of withdrawals from schemes, as well as an increase in requests by client institutions to be placed on dormancy or to arrange payment plans.

BAC has carefully considered these requests and has supported providers who currently need the most financial support.

Also in response to the Covid-19 restrictions, BAC has been required to postpone a number of inspections.

The impact of Covid-19 has led to lower than expected income and has also impacted on the charities cash flow. In response, the charity has taken steps to ensure that there are sufficient levels of cash available. As to the long-term impact to income, we believe the charity will see a short period of reduced income, but it is believed the pandemic should not impact on the survivability of the charity.

Report of the Council Year to 31 August 2021

Financial review

A summary of the year's results can be found on page 23 of the financial statements. The deficit for the year before gains on investments was £29,606 (2020 – £9,153).

The operational deficit has increased by over £20,000 for two key reasons:

- (1) Reduced income from accreditation fees and lower number of inspections taking place and,
- (2) increased expenditure on providing new workshops and services to providers free of charge.

The impact of these expenditures has been minimised by savings gained from reduced premises costs and the benefits gained from online working and new streamlined processes. In the future we expect to generate more income from providers as Covid-19 restrictions are lifted and providers return to normal activity. We also hope to generate new revenue streams, for example by charging a fee for providing workshops to providers.

The net surplus for the year was £143,324 after gains on investments of £172,930 (2020 – deficit for the year was £607 after gains on investments of £8,546).

Income

Accreditation fees

BAC took the decision not to raise fees again this year.

Overall accreditation fee income has decreased by approximately 19%, 2021 - £374,157 (2020 – £460,610). This is largely due to the fact that many providers have either not been able to continue to operate, have paused operations or have seen a reduced number of student enrolments. Some providers have opted to withdraw or a number have opted to place their accreditation on dormancy until Covid-19 pandemic restrictions are no longer in place.

Inspection Fees

Inspection fee income has reduced in the year by 5% (2020 40%), this is a result of the change in schedule for planned inspections. Approximately 60 inspections have been planned and likely to take place in the following year. The change in income is not likely to impact the organisation, as the expenditure will have also reduced in line with this.

Other Income

Fixed asset investment income has been stable and has gained in value with net gain for the year is £172,930. As the current market is showing high levels of volatility, the Audit Committee has taken action to ensure there is a high level of oversight on investment performance to safeguard the charity's assets.

Expenditure

Charitable Activities

Direct expenditure this year included the cost of a new activity, offering workshops to providers on a range of issues. This increased direct expenditure, but due to savings gained from the online inspection procedures, the overall expenditure reduced by 33%, 2021 – £112,092 (2020 – £169,155). This is likely to increase in the following year when Covid-19 pandemic restrictions are lifted and the delayed inspections have taken place.

Staff Costs and Running Costs

Staffing costs have reduced by 1%, 2021 – £390,638 (2020 – £395,893).

Running costs and other support costs have also been reduced by 40% for the year, 2021 – £133,299 (2020 – £227,119). This reduced expenditure is largely a result of leaving the previous office, as the lease had ended and had taken approximately six months to find a new premises, saving on rent and general office expenditure. This had no impact on the operations as staff had already been working from home due to the lockdown, it is likely this will increase in the following year.

Investment policy

The value of BAC's investments, a mixture of equities and fixed income, grew to £1,276,053 in 2021 (2020 – £1,105,131). BAC's investments were held in a managed investment portfolio by Octopus Investments Ltd up to 31 March 2021 and was then replaced by Aberdeen Standard Capital (Charities Aid Foundation Managed Portfolio Service – Progressive Capital Growth Account).

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

The charity also has cash at bank and in hand of £184,503 (2020 – £237,895). The liquidity risk is managed by maintaining a balance between the continuity of funding and flexibility of access to funds.

Reserves policy

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

The free reserves on 31 August 2021 were £1,221,348 (2020 – 1,087,048) which exceeds the target level of reserves stated in the reserves policy. However, the Council members consider it appropriate to hold reserves in excess of the target, in consideration of the strategic objectives to be achieved and forecasted financial position over the short, medium and long term along with the consequences of the pandemic, and the reserves policy reflects only the minimum level of free reserves required.

Expenditure (continued)

Reserves policy (continued)

Over the forthcoming coming year, the Council will give due consideration if required to mitigate against any loss of funding due to the number of providers unable to operate during the pandemic. It is possible the effects of the crisis may be felt by BAC as a secondary response to providers having to close. However, we monitor the situation carefully and to date no reserves have been required.

The Council have given their approval to consider using some of the reserves of the charity to invest in growth over the next five years, in line with the strategic plan. A financial deep dive took place on 9 December 2021 to ensure that the strategic objectives are matched by our ongoing financial strategies.

Future plans

During Autumn 2021, a new Strategic Plan for the following five years is being developed for approval by Council at the February 2022 meeting.

BAC staff moving to home working meant some project plans such as the alignment of BAC overarching Standards slowed and others such as online ways of working increased in speed of development. During the summer of 2021 some reconciliation and evaluation took place.

BAC learning from the pandemic responses resulted in hybrid approaches to future office working, Committee / Council meetings and inspections from September 2021. 'Return to office working arrangements' were reviewed in September 2021 with flexible working now embedded within the BAC culture and a hybrid approach to inspection methodology presented at the annual inspector's event and Council during October 2021.

The development of the next BAC strategic plan consolidates previous strategic direction but is being influenced by three elements of sound business practice: **Environmental, Societal and Governance factors** with the proposed actions planned for the following three years influenced by these dimensions.

Future plans (continued)

BAC objectives for 2021-22 are as follows

Objectives	Proposed actions
BAC will invest in growth by expanding products and services to add value to current accredited providers and to attract a wider range of new providers	<ul style="list-style-type: none"> - Completion of the Standards Review project and creation of an overarching framework of standards. - Additional promotion of the BAC brand to assist providers' marketing and competitive advantage. - Further activities focused on quality enhancement or best practice support for providers. - Addition of a liaison scheme. - Addition of subject level accreditation/micro credentials scheme. - Support/learning/training for providers wishing to enhance their engagement and support of students.
BAC will continue to promote and be active in the quality assurance Community	<ul style="list-style-type: none"> - Webinar series, publications, facilitated workshops, and other enhancement activities - Stakeholder events - Development of an online learning platform potential behind a pay wall - Attendance and contribution of papers and presentations at conferences - Participation in working groups and regulatory meetings (incl. government as appropriate).
BAC will continue to Grow and Diversify especially Global and European activities	<ul style="list-style-type: none"> - Building on successful inspections overseas e.g. Nepal developing regional activities and potential working with Ministries through free and paid projects. - Developing a portfolio of activities to actively promote BAC. - Actively engaging with ENQA e.g. chairing the ENQA working group on micro credentials. - Development of a Seed Funding opportunity for providers. Small grants for teaching and learning initiatives with the proviso sharing the results with the wider community.

Future plans (continued)

BAC objectives for 2021-22 are as follows (continued)

Objectives	Proposed actions
BAC will actively engage in the developmental of its Ethical responsibilities	<ul style="list-style-type: none">- A review of our investments.- A review of our policies and working practices.- Calculating our carbon footprint and taking steps towards zero carbon emissions.- Implement ways in which we can lead in the promotion of environmental responsibility and being open about our sustainable development goals.
BAC will continue to develop good practice in its use of integrated use of the data and information collected from BAC inspections and other work	<ul style="list-style-type: none">- The purchase and use of a CRM system and development of more detailed financial information to make inspection and accreditation fees more transparent.- Moving to collecting reports for inspections through using Sharepoint and all information uploaded to an online portal.- Using thematic reports to influence the direction for development of inspection methodologies as well as themes for enhancement workshops.- Governance reviews as endorsed by Charities Good Practice and as preparation for increased work with a potential growth of activities. Potential use of governance software managing Council and Committees.

Going Concern

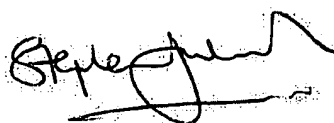
The Trustees are required to confirm that it is appropriate for the BAC to adopt the going concern principle in preparing its accounts. Based on the viability review and taking into consideration the BAC closing reserves and strong cash position, the Trustees of the British Accreditation Council have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

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

Approved by the Council on

and signed on its behalf by:

10 February 2022



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

Opinion

We have audited the financial statements of British Accreditation Council (the 'charitable company') for the year ended 31 August 2021 which comprise the statement of financial activities, the balance sheet, the statement of cash flows, the principal accounting policies and notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- ◆ give a true and fair view of the state of the charitable company's affairs as at 31 August 2021 and of its income and expenditure for the year then ended;
- ◆ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- ◆ have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusion relating to going concern

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

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

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

Independent Auditor's Report Year to 31 August 2021

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

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

Matters on which we are required to report by exception

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

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

Responsibilities of trustees

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

- ◆ the Senior Statutory Auditor ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations; and
- ◆ we obtained an understanding of the legal and regulatory frameworks that are applicable to the charitable company and determined that the most significant frameworks which are directly relevant to specific assertions in the financial statements are those that relate to the reporting framework (Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), Companies Act, and the Charities Act 2011) as well as data protection and safeguarding regulations.

Independent Auditor's Report Year to 31 August 2021

Auditor's responsibilities for the audit of the financial statements (continued)

We assessed the susceptibility of the charity's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

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

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

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

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

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

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

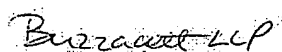
Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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

Independent Auditor's Report Year to 31 August 2021

Use of our report

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



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

Date: 16 February 2022

Statement of financial activities (including income and expenditure account) Year to 31 August 2021

	Notes	Total 2021 £	Total 2020 £
Income from:			
Donations and grants		—	10,000
Charitable activities			
. Accreditation and inspection fees	1	610,313	757,768
Investments	2	18	342
Total income		610,331	768,110
Expenditure on:			
Raising funds		2,007	1,959
Charitable activities			
. Accreditation and inspection		637,930	775,304
Total expenditure	3	639,937	777,263
Net expenditure before gains on investments		(29,606)	(9,153)
Gains on investments	9	172,930	8,546
Net expenditure and net movement in funds		143,324	(607)
Reconciliation of funds			
Total funds brought forward		1,098,574	1,099,181
Total funds carried forward		1,241,898	1,098,574

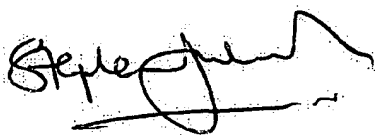
All of the charity's activities derived from continuing operations during the above two financial periods.

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

Balance sheet 31 August 2021

	Notes	2021 £	2021 £	2020 £	2020 £
Fixed assets					
Tangible fixed assets	8	20,550		11,526	
Investments	9	1,276,053		1,105,131	
			1,296,603		1,116,657
Current assets					
Debtors	10	21,489		81,505	
Cash at bank and in hand		184,503		237,895	
		205,993		319,400	
Creditors: amounts falling due within one year	11(a)	(251,389)		(334,205)	
Net current liabilities			(45,395)		(14,805)
Creditors: amounts falling due after one year	11(b)		(9,310)		(3,278)
Total net assets			1,241,898		1,098,574
The funds of the charity					
Unrestricted funds					
. General funds			1,221,348		1,087,048
. Tangible fixed asset fund	12		20,550		11,526
Total funds			1,241,898		1,098,574

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



Date: 10 February 2022

Company Registration Number 01828990 (England and Wales)

Statement of cash flows Year to 31 August 2021

	Notes	2021 £	2020 £
Cash flows from operating activities:			
Net cash used in operating activities	A	(37,201)	(73,425)
Cash flows from investing activities:			
Purchase of tangible fixed assets		(16,208)	(10,321)
Investment income received		18	342
Proceeds from sale of investments		277,330	116,579
Purchase of investments		(277,331)	(114,620)
Net cash used in investing activities		(16,191)	(8,020)
Change in cash and cash equivalents in the year		(53,392)	(81,455)
Cash and cash equivalents at 1 September 2020	B	237,895	319,340
Cash and cash equivalents at 31 August 2021	B	184,503	237,895

Notes to the statement of cash flows for the year to 31 August 2021

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

	2021 £	2020 £
Net movement in funds (as per the statement of financial activities)	143,324	(607)
Adjustments for:		
Depreciation charge	7,184	7,020
Net gains on investments	(170,923)	(8,546)
Decrease in debtors	60,016	22,632
Decrease in creditors	(76,784)	(93,572)
Investment income receivable	(18)	(342)
Net cash used in operating activities	(37,201)	(73,425)

B Analysis of cash and cash equivalents

	2021 £	2020 £
Total cash and cash equivalents: Cash at bank and in hand	184,503	237,895

C Analysis of changes in net debt

	At 1 September 2020	Cash flows	At 31 August 2021
Cash at bank and in hand	237,895	(53,392)	184,503
Total	237,895	(53,392)	184,503

Principal accounting policies Year to 31 August 2021

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

Basis of preparation

These financial statements have been prepared for the year to 31 August 2021 and are presented in sterling rounded to the nearest pound.

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

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

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

Critical accounting estimates and areas of judgement

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

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

- ◆ estimating the useful economic life of tangible fixed assets.

As set out in these accounting policies under "going concern", the Trustees have considered the impact of the pandemic on the charity and have concluded that although there may be some negative consequences, it remains appropriate for the charity to continue to prepare its accounts on the going concern basis.

Assessment of going concern

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

Principal accounting policies Year to 31 August 2021

Assessment of going concern (continued)

The Council members of the charity have concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the charity to continue as a going concern. In making this assessment the trustees have considered the impact of COVID-19. In response to the pandemic, the charity has taken steps to ensure that there are sufficient levels of cash available as outlined in the trustees' report. As to the long-term impact, we believe the charity will see a short period of reduced income, but it is believed the pandemic should not impact on the survivability of the charity. Despite the fact that the charity has net current liabilities of £45,395 at 31 August 2021 (2020 – net current liabilities of £14,805), the Council members are of the opinion that the charity will have sufficient resources to meet its liabilities as they fall due.

The net current liabilities position is due to advanced payments received for 2021/22 annual accreditation fees. The most significant areas of judgement that affect items in the financial statements are detailed above. With regard to the next accounting period, the year ending 31 August 2022, the most significant areas that affect the carrying value of the assets held by the charity are the level of investment return and the performance of the investment markets (see the investment policy of the Report of the Council for more information).

Income recognition

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

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

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

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

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

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

Principal accounting policies Year to 31 August 2021

Expenditure recognition

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

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

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

Tangible fixed assets

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

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

Fixed asset investments

Fixed asset investments consist of listed investments.

Listed investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price.

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

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

Debtors

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

Principal accounting policies Year to 31 August 2021

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 activities Year to 31 August 2021

1 Income from charitable activities – Accreditation and inspection fees

	2021 £	2020 £
Accreditation Fees UK	374,157	460,610
Inspection Fees UK	203,471	214,688
Application Fees	7,500	7,000
Educational Consultancy Income	—	38,460
Other Fees	25,185	37,010
	610,313	757,768

2 Investment income

	2021 £	2020 £
Interest receivable	18	342

3 Expenditure on:

	Direct costs £	Support costs			2021 Total £	2020 Total £
		Running costs £	Finance £	Staff costs £		
Raising funds						
· Investment manager fees	2,007	—	—	—	2,007	1,959
Accreditation and inspection:						
· Accreditation and inspection delivery	112,092	96,567	1,059	390,189	599,907	744,974
· Bad debts	1,291	—	—	—	1,291	6,009
· Governance (note 4)	—	36,732	—	—	36,732	24,321
	115,390	133,299	1,059	390,189	639,937	777,263

	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

	2021 £	2020 £
Legal and professional fees	23,052	8,747
Council expenses	—	3,443
Accountancy fees	2,000	2,390
Auditor's remuneration	11,680	9,740
	36,732	24,321

5 Net expenditure

	2021 £	2020 £
Net expenditure is stated after charging:		
Auditor's remuneration – statutory audit		
· Current year	8,900	8,500
· Prior Year	1,680	1,240
Depreciation	7,184	7,020

6 Transactions with Council members' and key management personnel

The Council members consider that they, together with the Chief Executive and Chief Inspector, comprise the key management personnel of the charity. The total remuneration of the key management personnel for the year (including taxable benefits and employer's pension and national insurance contributions) was £143,752 (2020 - £132,496).

Council members received no remuneration or other benefits for the year ended 31 August 2021 (2020: none)

No expenses were reimbursed to the Council members for out-of-pocket expenses (2020 - £2,261 to 9 Council members).

7 Staff costs

	2021 £	2020 £
Wages and salaries	321,254	311,889
Social security costs	30,548	28,751
Pension costs	30,004	29,042
Agency & Freelance staff	8,832	7,689
	390,638	377,371

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

	Average headcount	
	2021 No.	2020 No.
Administration/ management	5	4
Inspection	2	2
Accreditation	2	3
	9	9

The number of employees who earned £60,000 per annum or more (including taxable benefits but excluding employer pension contributions) during the year was as follows:

	2021 No.	2020 No.
£70,001 - £80,000	1	1

8 Tangible fixed assets

	Computer equipment and office furniture £	Fixtures and fittings £	Total £
Cost			
At 1 September 2020	72,600	—	72,600
Additions	—	16,208	16,208
At 31 August 2021	<u>72,600</u>	<u>16,208</u>	<u>88,808</u>
Depreciation			
At 1 September 2020	61,074	—	61,074
Charge for the year	5,023	2,161	7,184
At 31 August 2021	<u>66,097</u>	<u>2,161</u>	<u>68,258</u>
Net book value			
At 31 August 2021	<u>6,503</u>	<u>14,047</u>	<u>20,550</u>
At 31 August 2020	<u>11,526</u>	<u>—</u>	<u>11,526</u>

9 Fixed assets investments

	2021 £	2020 £
Market value		
At 1 September 2020	1,105,131	1,098,543
Additions at cost	277,331	114,620
Disposal at opening market value (proceeds £279,337; gain £13,058)	(266,279)	(119,546)
Net unrealised gain	159,871	11,514
At 31 August 2021	<u>1,276,053</u>	<u>1,105,131</u>
Cost		
At 31 August 2021	<u>984,192</u>	<u>924,968</u>
At 31 August 2020	<u>924,968</u>	<u>951,621</u>
		Total 2021 £
Unrealised gains included above on listed investments (see below)		292,496
Reconciliation of movements in unrealised gains on investments		
Unrealised gains at 1 September 2020		185,089
Unrealised losses brought forward and gains realised in the year		(52,464)
Net unrealised gains in the year		<u>159,871</u>
Unrealised gains at 31 August 2021		<u>292,496</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 2021:

	Market Value	%
FP CAF UK Equity C Acc	207,791	16%
FP CAF International Equity C Acc	494,560	39%
FP CAF Alternative Strategies C Acc	437,148	34%

Listed investments held at 31 August 2021 comprised the following:

	2021 £	2020 £
UK Equities	207,791	187,753
Overseas Equities	494,560	421,381
Alternative Strategies	437,148	303,571
UK fixed interest	—	192,424
Capital Cash Account	136,555	—
	1,276,053	1,105,129

10 Debtors: amounts falling due within one year

	2021 £	2020 £
Charitable activity debtors	7,790	62,462
Prepayments and accrued income	13,699	19,043
	21,489	81,505

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

	2021 £	2020 £
Charitable activity creditors	5,615	12,528
Social security and other taxes	9,430	47,273
Accruals	30,773	44,455
Deferred income	204,554	229,072
Other creditors	1,016	876
	251,389	334,204

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

	2021 £
Deferred income at 1 September 2020	229,072
Resources released in the year	(229,072)
Resources deferred in the year	204,554
Deferred income at 31 August 2021	204,554

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

	2021 £	2020 £
Provisions	9,310	3,278
	9,310	3,278

12 Fixed asset fund

	Total £
At 1 September 2020	11,526
Net movements in year	9,024
At 31 August 2021	20,550

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

13 Related party transactions

Dr Esther Huertas is on the council of trustee for BAC and European Network for Quality Assurance in Higher Education (ENQA). The BAC are a registered member association of ENQA and make annual payments for membership and recognise a constructive obligation to undergo a membership review every 5 years. Total expenditure to ENQA during the year was £4,041 and a provision of £6,032 has been recognised (2020: £3,915 expenditure and a provision of £3,278). There are no other outstanding balances at the end of the year.

Council of Validating Universities has a secretariat agreement with the BAC, as a result of this relationship Dr Janet Bohrer has been appointed as secretary of CVU, the reason for this is so she may carry out the obligations agreed between CVU and BAC, only when instructed by the council members of CVU. The total Income received by the BAC is £18,644 (2020: £ 27,013), There are no outstanding debts due at the end of the year.

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

14 Ultimate controlling party

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

15 Financial commitments

At 31 August 2021 the charity had total commitments under non-cancellable operating leases as follows:

	2021 Land and buildings £	2020 Land and buildings £
Operating lease payable		
Within one year	42,373	—
Between 2 to 5 years	98,213	—