

Charity Number: 1001041
Company Number: 2557730

PEOPLE 1ST
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015

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PEOPLE 1ST
REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2015

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PEOPLE 1ST

REFERENCE AND ADMINISTRATIVE INFORMATION

FOR THE YEAR ENDED 31 MARCH 2015

BOARD OF TRUSTEES

The following are Trustees at the date of this report:

David Fairhurst (Chair)
Natalie Bickford (Vice-Chair)
John McEwan (Vice-Chair)
Russell Barnes
Amanda Brady
Liz Chandler
Sara Edwards
Geoffrey Harrison
Peter Harvey
Charles Prew
Therese Procter
Fiona Ryland
Andrew Swaffield

MEMBERS

The current Memorandum and Articles of Association were adopted on 5 September 2011 and provide for two Council of Members (Council of Members for Hospitality and Leisure and Council of Members for Passenger Transport, Travel and Tourism) and two classes of Members:

Voting Members

- a. Maximum of 40 Voting Members, for the Hospitality and Leisure industries of which no less than 67% must be nominees or representative of the employers within the sector; and
- b. Maximum of 30 Voting Members, for the Passenger Transport, Travel and Tourism industries of which no less than 67% must be nominees or representative of the employers within the sector.

All Voting Member appointments must be approved by the nominations committee as having sufficient knowledge or experience of the sector and / or nation they are representing to advance the objects of the Company.

Non-Voting Members

Maximum of 10 Non-Voting Members on each Members Council. Non-Voting Members being individuals who are considered by the Trustees as having any relevant knowledge or experience to be able to advance the objects of the Company in any manner whatsoever.

A full list of Members can be obtained by visiting www.people1st.co.uk/about-us/our-people/council-of-members or writing to the Company Secretary, People 1st, Hospitality House, 11-59 High Road, London N2 8AB.

NOMINATIONS COMMITTEE

The Nominations Committee is established by the Voting Members and comprises the Chairman of the Trustees, two Voting Members of the Hospitality Leisure members council (who are not themselves Trustees) and one Voting Member of the Passenger Transport, Travel and Tourism members council (who is themselves not a trustee).

The role of the Nominations Committee is to:

- Advise Trustees on the appointment of a new Trustee. A Trustee appointed during the year must retire and stand for re-election by the Members at the AGM.
- Approve appointment of Voting Members.
- Ratify a resolution of the Trustees that removes any member from Membership of the Charity.

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REFERENCE AND ADMINISTRATIVE INFORMATION (continued)

FOR THE YEAR ENDED 31 MARCH 2015

REGISTERED OFFICE

Hospitality House
11-59 High Road
London
N2 8AB

AUDITORS

haysmacintyre
26 Red Lion Square
London WC1R 4AG

BANKERS

Barclays Bank Plc
Park Royal Business Centre
36-38 Park Royal Road
London NW10 7JA

SOLICITORS

Darbys
52 New Inn Hall Street
Oxford OX1 2QD

COMPANY SECRETARY

Simon C V Tarr ACA

EXECUTIVE MANAGEMENT TEAM

David Fairhurst	Non-Executive Chairman
Simon C V Tarr	Managing Director
Nish Chikhlia	Director, Finance
Sharon Glancy	Director, Sales, Client Engagement, Communications & Marketing
Martin-Christian Kent	Director, Research, Policy & Operations
Philip Raynsford	Director, Nations
Jane Rexworthy	Director, International

CONSTITUTION

People 1st is a registered charity and a company Limited by Guarantee and registered in England. It is governed by its Memorandum and Articles of Association.

CHARITY REGISTRATION NUMBER 1001041

COMPANY REGISTRATION NUMBER 2557730

PEOPLE 1ST

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 MARCH 2015

The Trustees present their annual report and the audited financial statements for the year ended 31 March 2015. The financial statements comply with all statutory requirements and the requirements of the Charity's governing document.

STRUCTURE, GOVERNANCE AND MANAGEMENT

People 1st is a charitable company Limited by Guarantee with the following structure:

Two Council of Members one representative of the industries and 4 nations within the Hospitality and Leisure footprint, namely; Restaurants, Hospitality Services, Pubs, Bars and Nightclubs, Hotels, Food and Service Management, Gambling, Self-catering Accommodation, Holiday Parks and Hostels and Events.

The second representative of the industries and 4 nations within the Passenger Transport, Travel and Tourism footprint namely; Aviation, Bus, Coach, Taxi and Private Hire, Community Transport, Rail, Light Rail/Tram, Driver, Training, Transport Planning, UK Waterways, Visitor attractions, Tourism Services, Travel Services.

A Trustee Board with the ultimate responsibility for directing the affairs of People 1st and ensuring that it is solvent, well-run and delivering in line with its Objects.

An Executive Board responsible for the day-to-day work and management of the Company.

The Council of Members

The Council of Members is charged with representing the interests of employers and employees from across the People 1st sectors and thereby ensuring that People 1st delivers what industry demands. Maintaining industry involvement is crucial in ensuring that the Company's work remains truly employer-led. People 1st is committed to the on-going engagement of employers through its research, industry advisory panels and regular communications.

Responsibility of voting and non-voting Members

- To represent the four nations and the industries within the sector and in the case of each individual voting member to represent their own nation/region and industry.
- To be "ambassadors" for the Company and promote its good interests.
- To encourage the Stakeholders they represent to support People 1st.
- To constitute an advisory Board and make non-binding representations to the Trustees. They are to guide the Trustees on what they consider to be the Employers' requirements (whose interests they represent) for training and skills in accordance with the company's Objects.

The Board of Trustees

Experienced executives elected by the Council of Members, responsible for overseeing the overall performance of the business and ensuring that the Charity's governance is of the highest possible standard.

Responsibility

- To ensure the Company complies with its statutory obligations under the Companies Act and Charities Act.
- To ensure that the Company fulfils its objectives as set out in its Memorandum.
- To review and set corporate governance.
- To advise and oversee the Executive.
- To decide on any delegation of power to sub-committees.
- To set the limits of authority for the Executive.

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TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 MARCH 2015

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

The Executive Board

The Executive Board is empowered by the Trustees to make day-to-day decisions.

Responsibility

- Day to day running of the business.
- To advise the Trustees of any failure to comply with corporate governance or statutory requirements.
- To advise the Trustees of the financial position of the business at quarterly meetings with the Trustees.
- To deliver the corporate strategy as determined and approved by the Trustees.

Governance Review

During the summer of 2014 the Chairman commissioned an independent review in order to comment on the nature of the Board's responsibilities and its composition, membership and structure. The review considered the context of People 1st, its status and current Board structure alongside, wherever possible, organisations of a similar size and scope. It explored the current constitution and the extent to which this was satisfied by the present arrangements and considered the robustness of current governance arrangements. A number of recommendations were made however in relation to some structural and practical improvements that would more firmly establish and enable the Board to reflect current priorities. These recommendations have now been implemented.

TRUSTEE APPOINTMENTS

Trustees are appointed independently of any other organisation and based on the needs of the Charity. The Charity undertakes a review of the skills and knowledge of Trustees on a regular basis to identify any gaps against the requirements of the Charity. This information is used to target the recruitment of new Trustees as needs arise. Recruitment is planned either to fill vacancies which arise through Trustees retiring or to appoint new Trustees with particular skill sets.

During the year, the following were appointed as trustees:

Russell Barnes (05/05/2015)
Andrew Swaffield (05/05/2015)
Fiona Ryland (06/05/2015)
Amanda Brady (06/11/2014)
Therese Procter (16/10/14)

During the year the following resigned as trustees:

Robin Mills
John Brooks
Louise Smalley

The People 1st Articles of Association lay down that 1/3 of the Board, along with any Directors appointed during the year must retire at each Annual General Meeting, offering themselves up for re-election as appropriate. In line with this at the AGM on 14th November 2014 the following trustees, resigned, and offering themselves up for re-election were duly reappointed:

Charles Prew
Natalie Bickford

Those that were not reappointed were:

Richard Parry
Richard Carrick

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TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 MARCH 2015

TRUSTEE TRAINING – INDUCTION AND UPDATING KNOWLEDGE

All new Trustees undertake an induction program shortly after becoming a Trustee. The aim of this induction is to introduce the new Trustees to the People 1st business, its operation and its governance arrangements. It also includes briefings on both company and charity law to the extent required by the individual Trustee. Prior to appointment, new Trustees are issued with copies of all key documentation. Periodically Trustees are asked to review their knowledge and experience and a training and development programme is devised for the relevant Trustees based on their particular needs.

'Board champions' have been allocated to each key strategic area of work - including Women 1st, communications, apprenticeships, finance and People 1st's commercial product range – with a board member providing project sponsorship for one of these areas.

EQUAL OPPORTUNITIES

People 1st is an equal opportunities employer and will ensure that no job applicant or employee receives less favourable treatment on grounds of sex, marital status, sexual orientation, disability, age, race, religion, colour, ethnic or national origin, or convictions which have been spent under the Rehabilitation of Offenders Act.

Selection criteria and procedures are regularly reviewed to ensure that individuals are selected, inducted, developed, promoted, communicated with and treated on their relevant merits and abilities.

HEALTH AND SAFETY AT WORK

It is the policy of the Charity that its operations are executed at all times in such a way as to ensure, as far as is reasonable, safe and healthy working conditions, equipment and systems of work for all employees and visitors to People 1st's premises. People 1st's health and safety procedures have been updated to reflect staff that have either office based with home working agreement or remote worker contracts.

INVESTMENT POWERS AND POLICY

The Trustees are empowered to invest any monies authorised by law for the investment of trust monies as they see fit.

The Board has taken the prudent approach of depositing cash reserves on long term deposit rather than investing in bonds or in shares.

As at 31 March 2015 monies on deposit were £2.6m with Close Brothers Limited with the 12 month notice maturing on 14 November 2015.

OBJECTS AND PRINCIPAL ACTIVITIES

Following the Company's acquisition of the National Skills Academy for Retail and Skillsmart Retail UK Limited in October 2014, People 1st added to its objects and principal activities the Sector Skills Body and Apprenticeship Certification Body for the Retail sector.

The objects of the Charity, as stated in its Memorandum of Association, are to promote and advance for the public benefit the education and training of persons employed or intending to be employed in the hospitality, leisure, passenger transport, travel and tourism industries, as well as to undertake and promote useful research into any matters relating to training for employment in the sector and to publish and disseminate any useful results of such research for the public benefit.

The Trustees continue to have regard to the guidance of the Charity Commission in ensuring that the charity's objectives continue to be for the public benefit.

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TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 MARCH 2015

Vision

To be recognised as a leader for skills and people development in customer facing industries and to be considered an informed, impartial and inspirational organisation that;

- Raises demand for and investment in skills
- Improves the recruitment, retention and development prospects for our industries and of the people working within them
- Underpins world-class productivity that is delivered by a world class work force.

Mission

To lead employers in customer facing industries, to develop a world-class workforce and maximise their performance through people

Core Purpose

To identify industry needs, and working in partnership with employers, develop solutions to increase performance through people.

Unique Selling points

- Our work is based on insight and intelligence – we understand the industry, its needs and create solutions to meet them
- Investing in our industry – we reinvest our income back into our research to identify industry needs
- We have a breadth of solutions – based on research we can find solutions for any needs
- Our exclusive top level products and services – such as WorldHost, Apprenticeships, Women 1st and the National Skills Academy for Retail
- Licenced by Government.

STRATEGIC REPORT

In August 2014, the UK Parliament approved The Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2014. These regulations introduce into the Companies Act 2006 a requirement for all large and medium-sized companies to prepare a separate Strategic Report. This consists of the sections on Achievements and Performance, Financial Review, The Year Ahead and Risk Management which follow.

ACHIEVEMENTS AND PERFORMANCE

2014 /15 was a year of significant transition for People 1st. It has seen us transform from a predominantly project-funded organisation into a self-funding organisation. At the same time, we continued to maintain support for industry in skills-related research, professional standard setting, quality assurance and careers – thereby ensuring that People 1st remains the 'go-to expert' on all skills-related issues.

Our performance in the year, given the changing and uncertain environment, was extremely positive and we are now better placed to make sure we can manage our own future without wholly relying on project funding.

During this transitional year, the executive prioritised five themes of change to drive the business forward.

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TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 MARCH 2015

These were:

1. Customer focus

This will ensure that People 1st responds to the needs of our clients. Understanding our customers allows us to help them better and to ensure we know where we can add the most value. All members of staff received WorldHost customer service training during the year, and an external benchmark survey is scheduled for November 2015.

2. Broadening how we influence stakeholders and policy makers

People 1st continues to influence external stakeholders, in particular policy makers and key industry organisations, to help better deliver our charitable objectives and support sector employers more effectively. As part of this we have been engaging senior employers to encourage them to become advocates for People 1st, and our messages about skills, to government and other stakeholders and policy makers. We will be looking to refresh our corporate governance structure to reflect this in Autumn 2015.

3. Raising the bar of our performance

We are currently developing a new performance management system and refreshing our internal communication processes.

4. Balancing work and personal commitments

Coinciding with our move to Hospitality House in East Finchley in October 2014, and following a detailed consultation with staff, we have implemented flexible and remote working. This has enabled colleagues to balance home and work commitments and, at the same time, helped to drive a culture where staff are valued according to the results they deliver, rather than the number of hours they spend at the office.

5. Collective responsibility for financial performance

This acknowledges that tight cash management is critical going forward and, with the absence of major government funding, it is important that everyone takes a more 'commercial' approach to finances. There has been a review of the debt collection procedures and, as a result, over 90 day debt was less than 5% of total debt by May 2015. We have shared new guidance and best practice on the most cost-effective travel arrangements and meeting protocols with staff, and the impact of these changes is currently being monitored. We also undertook a review of our operating systems, which will culminate in new integrated systems being in place by October 2015.

KEY HIGHLIGHTS FROM THE YEAR

1. Research

Since April 2014 we have aimed to increase the profile of our research and policy activities.

During the year, we produced monthly research insight reports and 'Policy Digest' bulletins. Both updates were regularly sent to nearly 500 contacts, with opening rates of 27% for the Policy Digest and 33% for the research insight reports. Opening rates continue to grow, coverage in the trade press remains good and feedback from users has been very positive.

Visits to the research and policy pages on our website also continued to grow, with the research insights section gaining 14% more traffic. Organic traffic continues to be the strongest source, but direct traffic has increased significantly, which is a positive sign for the impact of the research outputs on People 1st brand awareness.

In recent months, the research insight reports have particularly focussed on the key themes of talent management and creating a sustainable workforce. These themes are explored in further detail in our recent report, The Skills and Productivity Problem – Hospitality and Tourism.

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TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 MARCH 2015

Insight topics have included:

Management skills

Key stats:

- Six percent of hospitality and tourism businesses have vacancies for managerial positions and 42% of these are already considered hard-to-fill.
- In retail, 13% percent of retail businesses have vacancies for managerial positions with 32% of these considered hard-to-fills.
- Both industries will need over 60,000 new managers by 2022

Talent management in hospitality

Key stats:

- Hotels and restaurants alone invested £2.7 billion on training in 2013, yet 39% of hospitality employers' reported that their staff performance had not improved sufficiently after the training.
- Less than half (41%) of hospitality employers have a training plan

Bus and coach – a greying workforce

Key stats:

- The number of older workers in the bus and coach industries is disproportionately high in comparison to the wider economy with 58% of employees aged 50 or over.
- Only 7% of the industry's workers are under 30, compared to 24% in the economy as a whole

Hospitality and tourism – creating a sustainable workforce

Key stats:

- Labour turnover costs the industry £274m each year
- 365,675 people leave the sector annually, large due to the type of staff being recruited
- 35% of the workforce is under 25, with 42% of waiting staff and 27% of bar staff also full-time students

2. Policy

Apprenticeship trailblazers

The apprenticeship system in England is undergoing radical change, following the government's announcement in 2013/14 that trailblazers (group of employers in a particular sector) would develop new apprenticeship standards and assessment.

The main aims of the apprenticeship reform are to a) increase the quality of apprenticeships and b) ensure employers drive the process. Going forward, a balance will have to be achieved between rigour and volume.

People 1st has been working on behalf of four trailblazers for hospitality, retail, travel and aviation and is supporting the bus and coach trailblazer. Significant progress has been made and 12 apprenticeship standards have achieved ministerial approval to date.

During the year, People 1st consulted with over 200 employers and stakeholders across the sector.

The main focus of the trailblazers, along with the development of new apprenticeship standards, has been on how the approved standards will be assessed. The challenge has been achieving a balance between industry needs and the criteria set by the government (Skills Funding Agency).

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TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 MARCH 2015

As such, People 1st has:

- Produced assessment plans that incorporate arrangements to establish sustainable industry governance for apprenticeships.
- Debated and communicated key apprenticeship-related challenges for the industry with the Skills Minister, employers and officials. Challenges fall under four broad themes:
 1. Maintaining employer-led and fit-for-purpose apprenticeships
 2. Delivering apprenticeships that are relevant to the context of businesses
 3. Valuing customer-facing business critical skills and behaviours
 4. Meeting the unique needs of a diverse sector

Apprenticeships already offer a fantastic solution to employers recruitment, retention and skills needs and the new standards go even further to ensure the outcome delivers the best results for employers and apprentices.

3. Products and services

Training and consultancy

This is our main delivery and area for growth. Whilst we continued to convert and deliver, we also built up a healthy pipeline exceeding £1.3million. In December, we undertook a restructure of the sales and engagement team, redefining roles across the team and also establishing geographical patches for the sales team, as well as responsibility for sales in their sectors.

Key training products over the past year have included:

- WorldHost customer service training
- Digital Business Skills (formerly Digital High Street Skills)
- Management 1st
- Women 1st Step Up training and mentoring
- Train the trainer programmes (Group and Practical Training Certificate)
- Pre-employment training (Employment 1st and Retail Works)

Highlights from the past year have included:

- Secured a major contract with Bourne Leisure to train staff using WorldHost programmes, worth £75,000
- JD Wetherspoon committed to train all 32,000 of its staff using WorldHost programmes
- Government funding secured to deliver Women 1st Step Up and mentoring to retail businesses – supporting 12 businesses, training 16 women in Step up and training 18 mentors and 21 mentees
- Roll-out of Digital Business Skills training programme – 450 training days delivered. Businesses have reported sales increases of up to 40% following the training.
- Total number of WorldHost Recognised Businesses (where a business has trained over 50% of staff using WorldHost programmes) exceeded 1,400 – notable recognised businesses include Balmoral Castle, Monarch Airlines, Chelsea FC, Continuum Group (which operates seven visitor attractions across the UK including the Coronation St. Tour and Spinnaker Tower), Blackpool Pleasure Beach and ScotRail
- Total number of WorldHost Recognised Destinations reached 11 - including Derry-Londonderry, Newmarket and Liverpool City Region, where over 4,000 staff and volunteers were trained in preparation for the International Festival of Business
- Number of WorldHost Committed Destinations (officially committed to working towards Recognised Destination status) reached 25.
- Management 1st used by a number of notable companies including The View from the Shard, The Guild of British Coach Operators, Talarius and the Café Royal Hotel
- Over 650 people have been through our train the trainer programmes, including delegates from Claridges, Rocco Forte Hotels, Pizza Express and Harrison Catering Services

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TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 MARCH 2015

Funding for projects like the Liverpool WorldHost programme is now devolved to local enterprise partners and it is key that we have a presence locally. This has worked well with several sizeable opportunities being created through partnership working with organisations like Cornwall Digital Skills, Go On Lancashire, and Liverpool LEP. Our recent restructure means that we have local presence and can work with partners to influence funding to support the visitor economy and in turn sell our products.

In addition to our training, we have also been supporting employers with consultancy work. One key example is a project working with McDonald's Europe to develop a bespoke IT apprenticeship programme.

We worked with the HR team at McDonald's to develop person specs, advertise and screen individuals and finally interview and select five candidates from over 600 applications. Alongside this we took the current IT apprenticeship framework and developed a programme around this, bringing in a provider to take forward the delivery once the apprentices were in place.

Into work

During the year we continued to expand on our Employment Academy model, developed to help employers to more easily recruit from the unemployed groups. Setting up partnerships with employers, Jobcentre Plus and local colleges and providers, we supported a further 2,000 unemployed into work this year. This brings the overall total to 5,700 over the life of the project, with 9,000 receiving training for work in the industry.

This model has supported 20 large sector businesses with the recruitment for their new openings and over 300 other businesses have benefitted from recruiting candidates who have been through our programmes.

More employers are becoming involved, thanks largely to endorsement of the approach and experience of pre-employment training from employers we are working with. Our network of accredited colleges and providers and retail skills shops have also continued with the model building on the relationships we created with them. This has also brought additional product venue through the sales of Employment 1st.

Accreditation

Our accreditation system recognises and celebrates excellence in the delivery of training and qualifications, and brings together employers and providers in partnership to help raise the professionalism of the hospitality industry.

Colleges and training providers can use their accredited status as a way to attract new learners, while the logo demonstrates to employers that an organisation is one of the best places to develop skilled staff to meet their business needs.

The accreditation process involves an initial application, which is followed up with a verification visit and learner and employer surveys to ensure that the college or provider has strong employer relationships and clear progression pathways for learners. An industry panel then reviews the submission and supporting evidence to ensure that the standard is that required by employers and meets their needs. Finally the college or provider is awarded Gold or Silver status, or referred for further development if the standards required have not yet been achieved.

In addition to accreditation, colleges and providers can also achieve a Centre of Excellence status to demonstrate excellence in delivery of a key industry area such as Fish and Shellfish or Food and Beverage Service.

By the end of March 2015 there were 31 accredited providers. The hospitality accreditation offer has now been expanded into aviation on the back of employer demand and this has stimulated further interest.

The interest and demand from employers to use accredited colleges from which to recruit, offer work placements or delivery apprenticeships is increasing, which in turn is stimulating further demand. All 12 pilot accredited providers renewed after the initial two-year point.

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TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 MARCH 2015

As part of streamlining our offer to providers, we are currently refreshing and bringing together a combined skill shop and accreditation offer to increase penetration and simplify the benefits to employers and providers alike.

Skills shop membership

Through the recent People 1st restructure, the skills shop membership offer has been reviewed in line with the other products we have available for college and training providers. At present, we have 43 skills shop members, with three new members in the pipeline.

The skills shop offer has been redesigned to ensure that we are able to offer a tangible business benefits. Membership benefits include places on training courses, marketing materials and support, discounts on products and business referrals both locally and nationally.

We are working to ensure that the network remains stable and sustainable. Skills shops are charged a referral fee in addition to their membership per apprentice that People 1st are able to bring to the network. Our intention is to position the skills shop as a solution we provide to employers and sell their services for apprenticeships and pre-employment.

International work

Our international work is based on a simple model of consultancy, building on the UK's reputation of creating robust industry-led vocational educational training and high-quality provision but also People 1st's reputation for developing innovative solutions like our national skills academy model, which builds capacity for delivery in the service industries.

In the past year, we successfully set up two national skills academies:

- Dubai – funded privately by Majid Al Futtaim Charity, this project resulted in £43,000 consultancy including a £5,000 annual licence fee.
- Cairo – funded privately by the European Bank for Reconstruction and Development and Arabian Centres, this project resulted in £51,500 consultancy including a £5,000 annual licence fee.

We have received numerous approaches from the British Council (BC) worldwide to be a key note speaker and present to international delegations. The BC provides an excellent way for us to explore new international market places, due to their links with embassy's and ministers. We are currently prioritising the countries where the visitor economy has been highlighted as crucial, such as Egypt and Uzbekistan.

Devolved nations

Northern Ireland

- We have continued our partnership with the Department for Employment & Learning (DEL) and Northern Ireland Tourist Board (NITB) to deliver WorldHost to the tourism and hospitality sector. The total number of individuals trained to date now exceeds 15,000.
- We secured government funding to deliver a customer service campaign targeting the retail sector, with a tailored WorldHost funded package worth £190p/p at cost to business of £20p/p. We delivered two regional events and trained 1,000 individuals.
- We continued to represent the sector on the Skill Minister's Advisory Panel on Youth Training and have been invited by the Minister to join the new strategic advisory forum for apprenticeships, to advise on the new model for implementation in 2016.
- We also responded on behalf of our sector on the influential Northern Ireland Apprenticeship Strategy Group.

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TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 MARCH 2015

Wales

- We developed a new entry-level qualification for the college system in Wales (£40,000 funded by Welsh government). This will prepare learners for the current college chef qualification, reducing drop-out rates and helping ensure an ongoing supply of chefs into industry.
- We secured £15,000 from Visit Wales to carry out a controlled research study to identify future skills priorities in the hospitality and tourism industry.
- We secured support from Visit Wales tourism employer group too see WorldHost as the programme of choice for customer service in Wales. We are now liaising with Visit Wales to formulate a strategy to target previously difficult-to-reach areas.
- W/E produced a marketing plan to disseminate our smartphone app for taxi drivers which will play a key role in supporting this sector of the passenger transport industry.

Scotland

- We launched the WorldHost Regional Destination Initiative, which has 11 Scottish regions signed up to become WorldHost Recognised Destinations:
 - This includes four major cities, 79 individual towns and a set of islands.
 - Approx. 14,580 individuals and 1,560 businesses will complete the training /achieve business recognition over the next two years.
 - 500 individuals have been trained through the project since the project launch in December 2014.
 - This project will generate a return of approx. £214,000 for People 1st.
- We also worked with Fife Council, Fife Tourism Partnership and the R&A to train 110 volunteers for the British Open in St Andrews, and are also having it positioned within the new Marine Tourism Strategy for Scotland.
- The Shared Apprenticeship Pilot has received renewed interest from the Scottish government and will continue to develop as a pilot in innovative ways to deliver apprenticeships.

FINANCIAL REVIEW

The consolidated statement of financial activities shows net outgoing of resources for the financial year of £778,000 compared to net outgoing resources of £272,000 for 2014.

Income, including investment income, was lower than the previous year at £3,346,000 (2014: £9,510,000). This reduction is predominantly explained by:

- i) decrease in UKCES grants from £3.6 million to £0.4 million, offset by increases in apprenticeship and training income
- ii) a reduction in income generated via the Hospitality Guild - £82,000 in 2015, £477,000 in 2014.
- iii) one off grants totalling £1.1m received in 2014 for the fit out of Hospitality House

Expenditure fell from £9.8 million to £6.1 million, principally due to lower staff costs.

Total consolidated funds at 31 March 2015 were £3.19 million (2014: £3.97 million).

Reserves policy

As at 31 March 2015, the group had free reserves, defined as unrestricted funds less tangible fixed assets, of £2.21 million (2014: £2.70 million).

People 1st has legal and moral responsibility to maintain a sufficient level of reserves to reasonably ensure business continuity without holding excessive reserves which could be used for the betterment of the education and learning needs of businesses and individuals in our sectors. To this end the Charity undertakes:-

- To preserve a level of reserves being a minimum to meet the costs likely to be incurred during a major downsizing of the Company.
- To build reserves to a level where this provides sufficient funds to enable People 1st to invest in initiatives which will seed fund the services it offers or address key issues of concern within the sector.
- To not hold excessive reserves. Excessive reserves would be considered to be any free reserves materially in excess of 50% of the planned annual expenditure budget.

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TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 MARCH 2015

The People 1st reserves policy is to ensure that reserves will not fall below £1.6m thereby ensuring that the organization has sufficient reserves to significantly downsize the organization as required, and to continue to have sufficient cashflow to support the day to day running of such a restructured organisation.

THE YEAR AHEAD

Looking ahead, our work will be delivered through three strands:

1. Motivate and communicate: Encouraging the sector to think long-term

This strand is about positioning People 1st as a thought leader, a strategic partner and a quality supplier to the industry. We do this by using our research reports and analysis to stimulate discussion and debate that results in practical solutions. Over the next 12 months we are looking to initiate campaigns focusing on:

- Productivity and people
- Chef skills
- Opportunities for, and barriers to, women progressing in the industry
- Customer experience

We will be using two PR agencies that will play a critical role in both developing and rolling out these campaigns.

Key activities within this strand will include:

Research

The Skills and Productivity Question - Hospitality and Tourism Sector

This report was launched in July and looks at the challenge of low productivity from a skills perspective. It outlines how productivity is being undermined by high labour turnover, which in turn is driving up skill gaps and recruitment demand. Similar reports are planned for retail and passenger transport. We have outlined a number of suggested activities that could address the issues outlined in the report.

Chef research

Our existing research shows that recruiting chefs continues to be one of the biggest challenges facing hospitality businesses. We have produced a proposed outline strategy to tackle the problem and this has been circulated to key employers and Hospitality Guild partners to gather their comments and agreement to the next steps. We are also carrying out additional research to better understand the extent of the recruitment problem, and the skills needs for the different types of chefs that are now found in the hospitality industry on the back of the rise in the number of casual dining outlets. The research will also look at future skills.

Ongoing research

Women 1st: This research builds on our initial 2010 research into progression opportunities for women in the hospitality and tourism sector and the barriers in place preventing more women progressing into management and senior roles. The hospitality and tourism report has already been produced, with similar reports for retail and passenger transport planned for the coming months.

People and productivity: This builds on our initial productivity report to look at how businesses are aligning their staff with their business strategy. The research aims to identify best practice and provide practical guidance for businesses. It will focus on how businesses are utilising their staff, the importance of employee engagement, and the role of technology and performance management.

Customer experience: This updates our 2011 research, looking into customer service across the sector and how it has evolved and is expected to change over the next five to ten years. The research looks at changing customer expectations, the changing emphasis on employer experience, the role of technology and social media and the types of training businesses are delivering and seeking.

PEOPLE 1ST

TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 MARCH 2015

Management and leadership: This research looks at the changing skills needs for managers, progression into management roles and, in particular, and the support given to first-time managers. It will attempt to understand how management needs will change in the next five to ten years, and how these skills will be sought and developed.

Women 1st

The new Women 1st Advisory Board has been established, with representation from Sodexo, Merlin Entertainments, Fraser Giles Partnership, Brakes and John Lewis. The board has agreed that the Women 1st campaign will have a strategic focus on the hospitality industry going forward. People 1st will continue to sell the Women 1st training programmes to the retail and passenger transport sectors as appropriate.

Retail engagement

To date, People 1st has not actively engaged with key influencers in the retail industry. We are therefore developing a targeted and focused strategy that will elevate our credibility and help us to engage more effectively with retail employers.

2. Collaborate and advocate: Aligning government policy to business needs

This is our policy and partnership work, focusing on the needs of the industry and working with government to address them.

As background, the Conservative manifesto states that “We will deliver three million more [apprenticeships] and ensure they deliver the skills employers need,” trebling the number of apprenticeships in food, farming and agri-tech in particular and “recruiting more apprentices into the [tourism] business”.

Furthermore, the manifesto promises to improve vocational education through:

- a network of national colleges providing specialist higher-level training in sectors critical to economic growth; and expanding academies, free schools (500 by 2020), studio schools and university technical colleges (UTCs)
- publishing more earnings and destination data for further education courses
- requiring more accreditation of courses by employers.

Key activities within this strand will include:

Apprenticeship trailblazers

The government’s commitment to achieving three million apprenticeships during the next five years will impact on the apprenticeship reform that the Department of Business Innovation and Skills (BIS) has overseen for the last few years.

Whilst the development of professional standards is going well, we are facing some challenges around the ongoing governance of the new standards. One key challenge is the extent to which employers are able to remain responsible for their own governance arrangements or whether will be centralised by government.

The second key challenge is in relation to the current ruling that “an assessor from the employer or the training provider’s workforce would not count as being independent”.

The next three to six months is a unique opportunity for employers to influence and define the apprenticeship system and, at the same time, help employers maximise their performance through their people.

NOS development

We are being funded by the UKCES to review national occupational standards (NOS) in the hospitality industry across the UK. This is in order to reflect changes in hospitality job roles over the last seven years and to ensure they are fit for purpose.

As part of this process, 223 NOS for hospitality functions will be reviewed across six occupational areas.

PEOPLE 1ST

TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 MARCH 2015

Apprenticeship certification

We have certified 31,207 apprenticeships over the past year and are forecasting to certificate 32,540 over the next financial year representing a 4% increase.

3. Innovate and execute: Delivering practical people development solutions

This is our work for today, providing immediate solutions that make a positive impact on employers' workforce development and help them achieve performance through people.

Key activities within this strand are:

Training products and services

All of our products are based on world-class research, and our key products are WorldHost, Train the Trainer and Digital Business Skills. We will continue to grow these products with clients already secured including Bourne Leisure, Monarch, QVC and Wetherspoon.

Our consultancy offer is focused on three specific business areas - training effectiveness, people effectiveness and customer excellence. We are currently consulting on these proposals, including price, positioning and how our offer compares with key competitors.

Projects

We are actively monitoring tender opportunities that from the public and private sector to identify opportunities for our products and services. Several tenders have been submitted for private sector contracts.

European Social Funding has already been accessed by colleges and training providers to deliver WorldHost destination projects, and we have also partnered with employers to secure funding from the UKCES for two UK-wide projects focused on demonstrating career progression opportunities and helping businesses better engage and retain their staff.

We are working with Accor Hotels, Hilton Worldwide, Mitchells & Butlers and Whitbread plan to develop and test a benchmarking model, which we hope hospitality employers can use to increase staff retention and help transform career progression for the right candidates.

In addition, we will supply the 'career map' functionality to Rocco Forte Hotels' ground-breaking new smartphone app, Map My Future. Hailed as a revolution in HR practice, the app can chart all the possible vocational paths beyond an employee's current role, as well as the requisite training needed for progression. Users can also set career goals, access relevant training content and receive job advice from career coaches 24 hours a day. Crucially, learning time is flexible meaning that employees are not constrained by the time limits of their current role.

Membership and accreditation

Our membership offer combines the National Skills Academy for Retail (NSAR) skill shop network and the People 1st accredited learning providers. Both schemes are now the responsibility of one team.

Our current focus for skills shops is on putting a new package in place that reflects the new realities of the skill system, what People 1st can deliver and what helps individual skill shops meet the needs of local employers. The current membership consists of 34 in England, three in Scotland, three in Wales, and three in Northern Ireland.

Given the changes taking place across the education system and the reduction in funding, we are expecting a small drop in the number of skill shops over the next financial year (largely in the devolved nations) but we have a pipeline of new skill shops.

PEOPLE 1ST

TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 MARCH 2015

Accreditation covers colleges and training providers within hospitality (20), aviation (three) and taxi and private hire (four). The aim in the next financial year is to increase the number of businesses using the accredited providers and to build and consolidate the network. There are currently ten new providers in the accreditation pipeline.

Devolved nations

All three devolved nations are focussed on a full scale review of hospitality national occupational standards, as well as the following activities:

Scotland

- Continuing the WorldHost Regional Destination Initiative, (as outlined in the review of last year). – We recently secured additional funding to expand the project into three more regions and target larger national employers.
- Continuing work to develop and pilot the Shared Apprenticeship Pilot
- Developing a new foundation modern apprenticeship programme, as requested by Scottish government this is a funded project which goes live in May.

Wales

- Completing a new website specifically developed to help aspiring cooks and chefs build a foundation of skills required for industry.
- Working with British Hospitality Association (BHA) Wales to deliver the Big Conversation initiative.
- Continuing work (funded by Welsh government) to develop a new entry- level qualification for the college system in Wales.
- Responding to the Welsh Government's Green Paper on Apprenticeship programmes and funding.

Northern Ireland

- Completing training of 1,400 employees in the retail sector in WorldHost (project supported by Northern Ireland government).
- Preparing a bid to government to carry out research to review the current and future skills needs of the tourism industry. If successful, this work will help us build an even stronger strategic position in the skills arena.
- Working with employers in the Northern Ireland Hotels Federation to establish a new higher-level apprenticeship programme in hospitality management.
- Exploring new funding options through Northern Ireland Year of Food in 2016 to further support WorldHost and other programmes such as Digital Business Skills.
- Growing our strategic position and influence by securing our presence on a newly-established, industry-wide strategic group. This will lobby government on a range of hospitality and tourism issues to support development of the industry.

International

We are continuing to explore new opportunities to expand our international reach and develop a stronger financial pipeline.

Our focus has been on establishing key partnerships with governments and commercial organisations around our three key offers:

1. Development of international skills academy and sector skills council model.
2. Licensing and delivery of training products and services.
3. Consultancy services, including developing vocational educational frameworks for international governments

We have already submitted a large number of project proposals to private and public funders and have also partnered with European and UK partners on larger project proposals where we will provide a consultancy/product service.

PEOPLE 1ST

TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 MARCH 2015

RISK MANAGEMENT

People 1st regularly (at least once a year) review its exposure to risk by performing a risk assessment exercise in the following areas: Business, IT, Emergencies, Human Resources, Quality Compliance and Finance. The Trustees have taken steps to ensure that any major risks identified through the risk assessment are mitigated by having the appropriate systems, processes and controls in place.

HUMAN RESOURCES

A skills audit is carried out on a regular basis to identify skills matches and gaps and to ensure that People 1st has the appropriate personnel required to deliver its corporate strategy and goals.

Best Companies: People 1st was named a Top 100 Best Not-for-Profit Organisation to Work for by Best Companies and The Sunday Times.

QUALITY COMPLIANCE

Investors in People: Our (IIP) accreditation was assessed in February 2014 and we were re-awarded IIP status for all the People 1st group companies.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees are responsible for preparing their Trustees' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year. Under that law the Trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of the affairs of the charitable company and the group and of the surplus or deficit of the group for that period. In preparing these financial statements the Trustees are required to:

- Select suitable accounting policies and apply them consistently
- Observe methods and principles in the Charities SORP
- Make judgements and estimates that are reasonable and prudent
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on the going concern basis unless it is inappropriate to assume that the charitable company will continue in operation

The Trustees are also 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

So far as each of the Trustees are aware at the time the report is approved:

- There is no relevant audit information of which the Charity's auditors are unaware, and
- The Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

PEOPLE 1ST

TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 MARCH 2015

AUDITORS

A resolution proposing the re-appointment of haysmacintyre as auditors to the Charity will be put to the annual general meeting.

EMPLOYEES

The Trustees continue to be grateful for the support of the management and employees of People 1st and for their enthusiasm and commitment to the improvement of learning and training in the sector. This has been promoted through their professionalism and leadership and with the help and support of like-minded people in business, learning providers and government departments.

The Trustees' Report was approved by the Board of Trustees on 23 October 2015 and signed on their behalf by:



David Fairhurst
Chair

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF PEOPLE 1ST

We have audited the consolidated financial statements of People 1st for the year ended 31 March 2015 which comprise the Consolidated Statement of Financial Activities, the Group & Charity Balance Sheets, the Consolidated Cash Flow Statement, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 auditors' 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 its members, as a body, for our audit work, for this report, or for the opinion we have formed.

Respective responsibilities of trustees and auditors

As explained more fully in the Statement of Trustees' Responsibilities, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the consolidated financial statements:

- give a true and fair view of the state of affairs of the charitable company and the group as at 31 March 2015 and of the incoming resources and application of resources, including the income and expenditure, of the group 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.

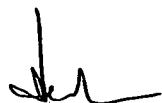
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Report for the financial year for which the consolidated financial statements are prepared is consistent with the consolidated financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the consolidated 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 take advantage of the small companies' exemption from the requirement to prepare a Strategic Report.



Bernie Watson
Senior Statutory Auditor
for and on behalf of haysmacintyre
Statutory Auditors

23 October 2015

26 Red Lion Square
London
WC1R 4AG

PEOPLE 1ST

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
(including Income and Expenditure account)

FOR THE YEAR ENDED 31 MARCH 2015

	Note	Unrestricted Funds £'000	Restricted Funds £'000	Total 2015 £'000	Total 2014 £'000
INCOMING RESOURCES					
<i>Incoming resources from generated funds:</i>					
Grants and donations	2	-	-	-	1,057
Investment income	3	70	-	70	70
<i>Other income</i>					
Shared services		38	-	38	68
<i>Incoming resources from charitable activities:</i>					
SSC	4	2,817	-	2,817	5,411
Training		1,480	-	1,480	929
National Skills Academy for Retail		859	-	859	1,498
Hospitality Guild		82	-	82	477
Total incoming resources		5,346	-	5,346	9,510
RESOURCES EXPENDED					
<i>Costs of generating funds</i>					
Marketing, publicity and promotions	5	168	-	168	369
<i>Charitable activities</i>					
SSC	5	3,669	143	3,812	6,440
Training		1,369	-	1,369	930
National Skills Academy for Retail		685	-	685	1,452
Hospitality Guild		58	-	58	547
		5,781	143	5,924	9,369
<i>Governance</i>	5	32	-	32	44
Total resources expended		5,981	143	6,124	9,782
NET (OUTGOING)/ INCOMING RESOURCE FOR THE YEAR		(635)	(143)	(778)	(272)
Total funds brought forward		3,024	944	3,968	4,240
TOTAL FUNDS CARRIED FORWARD		2,389	801	3,190	3,968

All activities of the charitable company are continuing.

There are no other gains or losses other than those included above.

BALANCE SHEETS

AT 31 MARCH 2015

		Group		Charity	
	Notes	2015 £'000	2014 £'000	2015 £'000	2014 £'000
FIXED ASSETS					
Tangible assets	9	980	1,271	980	1,267
CURRENT ASSETS					
Stock	10	66	-	66	-
Debtors	11	1,372	2,017	1,396	1,734
Short term deposits		-	2,623	-	2,623
Cash at bank and in hand		1,922	165	1,584	7
		<u>3,360</u>	<u>4,805</u>	<u>3,046</u>	<u>4,364</u>
CREDITORS: amounts falling due within one year	12	(1,146)	(2,061)	(1,234)	(1,820)
NET CURRENT ASSETS		<u>2,214</u>	<u>2,744</u>	<u>1,812</u>	<u>2,544</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>3,194</u>	<u>4,015</u>	<u>2,792</u>	<u>3,811</u>
Provision for liabilities and charges	13	(4)	(47)	(4)	(47)
NET ASSETS		<u>3,190</u>	<u>3,968</u>	<u>2,788</u>	<u>3,764</u>
FUNDS					
Unrestricted funds		2,389	3,024	1,987	2,820
Restricted funds		801	944	801	944
TOTAL FUNDS	15	<u>3,190</u>	<u>3,968</u>	<u>2,788</u>	<u>3,764</u>

The financial statements were approved and authorised for issue by the Board of Trustees on 23 October 2015 and were signed below on its behalf by:



Peter Harvey
Trustee

PEOPLE 1ST

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2015

	2015 £'000	2014 £'000		
Reconciliation of net (outgoing)/incoming resources to net cash flow from operating activities				
Net (outgoing) resources	(778)	(272)		
Investment income	(70)	(70)		
Depreciation	308	261		
(Increase) in stock	(66)	-		
Decrease/(increase) in debtors	645	(630)		
(Decrease) in creditors	(915)	(1,417)		
(Decrease)/increase in provision for liabilities	(43)	5		
Net cash flow from operating activities	(919)	(2,123)		
Returns on investments and servicing of finance				
Investment income	70	70		
Capital expenditure				
Payments to acquire tangible fixed assets	(35)	(1,125)		
Disposal of tangible fixed assets	18	-		
Cash (outflow)/inflow before management of liquid resources	(866)	(3,178)		
Management of liquid resources				
Decrease in short term deposits	2,623	338		
Increase/(decrease) in cash	1,757	(2,840)		
	2015 £'000	2014 £'000		
(Decrease) in short term deposits	(2,623)	(338)		
Increase/(decrease) in cash	1,757	(2,840)		
	(866)	(3,178)		
Net opening funds	2,788	5,966		
Net closing funds	1,922	2,788		
ANALYSIS OF CHANGES IN NET FUNDS	At 1 April 2014 £'000	Cashflow £'000	Non-cash movements £'000	At 31 March 2015 £'000
Short term deposits	2,623	(2,623)	-	-
Cash at bank and in hand	165	1,757	-	1,922
	2,788	(866)	-	1,922

PEOPLE 1ST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards. The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP), "Accounting and Reporting by Charities" issued in March 2005, applicable accounting standards and the Companies Act 2006.

Consolidated financial statements ("group accounts") have been prepared in respect of People 1st and its wholly owned subsidiaries, the Hospitality Guild, GoSkills Limited, National Skills Academy for Retail and Skillsmart Retail UK Limited for the year to 31 March 2015. In accordance with Section 408 of the Companies Act 2006 a separate statement of financial activities for the charity has not been presented. The results of the charity for the year ended 31 March 2015 were a deficit of £976,000 (2014: deficit of £119,000).

People 1st is one of two members of Joint Approvals Unit for Periodic Training (JAUP). The results of JAUP have not been consolidated into the People 1st financial statements as People 1st does not control JAUP. Transactions with JAUP are disclosed in note 20.

Tangible fixed assets and depreciation

The cost of tangible fixed assets is written off over the estimated life of the asset on a straight line basis. The depreciation rates used are as follows:

Leasehold improvements/ fit-out costs	period of lease
Furniture and office equipment	10% - 33% per annum
Website/UK Skills Passport	25% - 33% per annum

Unrestricted funds

These are funds which can be used in accordance with the charitable objects at the discretion of the Trustees.

Restricted funds

These are funds where a funder requires a grant or a donation to be applied to a particular purpose.

Income

Income includes funding from UKCES, grants and other income received training services rendered, donations received and research and projects undertaken in the year. Income also includes amounts generated from bank deposits.

Resources expended

Resources expended are accounted for on an accruals basis. Certain expenditure is directly attributable to specific activities and has been included in those cost categories. Central costs which cannot be directly allocated are apportioned across the categories on the basis of an estimate of the proportion of time spent by staff on those activities.

Governance costs comprise those costs associated with the overall running of the charity and include audit and other costs associated with complying with constitutional and statutory requirements.

Pension costs

The company is a participating employer in the ITB Pension Fund and the basis of arriving at the pension cost is described in Note 19.

The ITB Pension Fund is a multi-employer defined benefits pension scheme. For the purposes of complying with the relevant accounting standards, the ITB Pension Fund is accounted for as a defined contribution scheme, since it is not possible to identify the assets and liabilities for each employer participating in the scheme.

PEOPLE 1ST

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2015

2. DONATIONS	2015 £'000	2014 £'000
Grants and donations in respect of Hospitality House	-	1,000
Other donations	-	57
	<u>-</u>	<u>1,057</u>
	<u>-</u>	<u>1,057</u>
3. INVESTMENT INCOME	2015 £'000	2014 £'000
Bank and short term deposit interest	70	70
	<u>70</u>	<u>70</u>
4. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES	2015 £'000	2014 £'000
SSC		
Funding from UKCES	420	3,577
Project income	1,546	1,522
Apprenticeship certification	682	284
Other income	169	28
	<u>2,817</u>	<u>5,411</u>
<i>Training Division (education and training activities)</i>		
Course income	778	415
Other materials	684	406
Other income	18	108
	<u>1,480</u>	<u>929</u>
<i>National Skills Academy for Retail</i>		
Membership income	434	523
Project income	332	735
Other income	93	240
	<u>859</u>	<u>1,498</u>
<i>Hospitality Guild</i>		
Training income	82	477
	<u>5,238</u>	<u>8,315</u>
	<u>5,238</u>	<u>8,315</u>

PEOPLE 1ST

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2015

5. RESOURCES EXPENDED				2015	2014
				£'000	£'000
Cost of generating funds					
Marketing, publicity and promotions				168	369
	Staff	Other	Support	2015	2014
	Costs	Direct costs	Costs	£'000	£'000
	£'000	£'000	£'000		
Charitable activities					
SSC	2,286	580	946	3,812	6,440
Training	851	456	62	1,369	930
National Skills Academy for Retail	507	136	42	685	1,452
Hospitality Guild	42	1	15	58	547
	<u>3,686</u>	<u>1,173</u>	<u>1,065</u>	<u>5,924</u>	<u>9,369</u>
Governance costs					
Professional fees				8	26
Audit fees				24	18
				<u>32</u>	<u>44</u>
6. SUPPORT COSTS				2015	2014
				£'000	£'000
Support costs including indirect staff, rent and service charges				1,065	2,692
7. NET INCOMING RESOURCES FOR THE YEAR				2015	2014
				£'000	£'000
Net incoming resources for the year is stated after charging:					
Auditors' remuneration – for audit services				24	18
Auditors' remuneration – for other services				3	4
Depreciation of tangible fixed assets				308	261
Operating lease rentals					
- land and buildings				85	192
8. SUBSIDIARY UNDERTAKINGS					

The Charity has three active wholly owned not for profit subsidiaries, Hospitality Guild, National Skills Academy for Retail and Skillsmart Retail UK Limited. A summary of trading results is shown below. On 29th September 2015, the assets and liabilities of Hospitality Guild were transferred to People 1st.

PEOPLE 1ST

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2015

8. SUBSIDIARY UNDERTAKINGS (continued)

	National Skills Academy for Retail		Skillsmart Retail UK		Hospitality Guild	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Income and expenditure account						
Turnover	859	1,498	-	284	82	477
Expenditure	(685)	(1,771)	-	(244)	(58)	(634)
Net surplus/(deficit)	<u>174</u>	<u>(273)</u>	<u>-</u>	<u>40</u>	<u>24</u>	<u>(157)</u>
Balance sheet						
Fixed assets	-	4	-	-	-	-
Current assets	644	526	284	271	47	168
Current liabilities	(493)	(552)	(80)	(67)	(4)	(148)
	<u>151</u>	<u>(22)</u>	<u>204</u>	<u>204</u>	<u>43</u>	<u>20</u>

9. TANGIBLE FIXED ASSETS

CHARITY AND GROUP	Short leasehold improvements £'000	Fixtures and office equipment £'000	Website and UK Skills Passport £'000	Hospitality House fit-out £'000	Total £'000
Cost					
At 1 April 2014	113	460	675	1,018	2,266
Additions	-	21	14	-	35
Disposal	(13)	(15)	-	-	(28)
At 31 March 2015	<u>100</u>	<u>466</u>	<u>689</u>	<u>1,018</u>	<u>2,273</u>
Accumulated depreciation					
At 1 April 2014	83	362	489	61	995
Charge for the year	8	51	104	145	308
Disposal	(6)	(4)	-	-	(10)
At 31 March 2015	<u>85</u>	<u>409</u>	<u>593</u>	<u>206</u>	<u>1,293</u>
Net book value					
At 31 March 2015	<u>15</u>	<u>57</u>	<u>96</u>	<u>812</u>	<u>980</u>
At 31 March 2014	<u>30</u>	<u>98</u>	<u>186</u>	<u>957</u>	<u>1,271</u>

The net book value of £980,000 at 31 March 2015 represents fixed assets used for charitable activities.

PEOPLE 1ST

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2015

10. STOCK	Group		Charity	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Stock held for resale	66	-	66	-
	<u>66</u>	<u>-</u>	<u>66</u>	<u>-</u>
	<u><u>66</u></u>	<u><u>-</u></u>	<u><u>66</u></u>	<u><u>-</u></u>
11. DEBTORS	Group		Charity	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Trade debtors	1,001	1,423	802	1,026
Prepayments and accrued income	360	299	315	211
Amount due to/from subsidiary undertakings	-	-	268	202
Other debtors	11	295	11	295
	<u>1,372</u>	<u>2,017</u>	<u>1,396</u>	<u>1,734</u>
	<u><u>1,372</u></u>	<u><u>2,017</u></u>	<u><u>1,396</u></u>	<u><u>1,734</u></u>
12. CREDITORS: amounts falling due within one year	Group		Charity	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Trade creditors	298	400	288	337
Other creditors	-	-	-	-
Taxation and social security	147	167	147	132
Accruals and deferred income	701	1,494	482	1,301
Amount due to subsidiary undertakings	-	-	317	50
	<u>1,146</u>	<u>2,061</u>	<u>1,234</u>	<u>1,820</u>
	<u><u>1,146</u></u>	<u><u>2,061</u></u>	<u><u>1,234</u></u>	<u><u>1,820</u></u>

PEOPLE 1ST

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2015

13. PROVISION FOR LIABILITIES AND CHARGES

	At 1 April 2014 £'000	Provided in year £'000	Applied in year £'000	At 31 March 2015 £'000
Dilapidations and associated costs in respect of property leases	47	-	43	4

The company has arrived at the amounts included above after reference to external professional advice.

14. TAXATION

People 1st is a registered charity and does not trade for tax purposes. It is not liable to corporation tax on any surplus. Hospitality Guild, National Skills Academy for Retail and Skillsmart Retail UK Limited are not for profit organisations which retain their profits for use in the business. Accordingly, they are not liable to tax on their operating activities.

15. TOTAL FUNDS

	At 1 April 2014 £'000	Incoming Resources £'000	Outgoing Resources £'000	At 31 March 2015 £'000
Restricted funds:				
- Hospitality House	944	-	(143)	801
Unrestricted funds	3,024	5,346	(5,981)	2,389
	<u>3,968</u>	<u>5,346</u>	<u>(6,124)</u>	<u>3,190</u>

The restricted Hospitality House fund represents grants and donations received to fund the fit out of Hospitality House. These funds will be released over the lease period of the property.

16. NET ASSETS BY FUND

	Fixed assets £'000	Net current assets £'000	Provision for liabilities £'000	Total at 31 March 2015 £'000
Restricted funds	801	-	-	801
Unrestricted funds	179	2,214	(4)	2,389
	<u>980</u>	<u>2,214</u>	<u>(4)</u>	<u>3,190</u>

17. OPERATING LEASE COMMITMENTS

At the year end, the company was committed to make the following payments during the next year in respect of operating leases.

	Equipment		Land and buildings	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Leases which expire:				
Within one year	-	9	-	56
Within two to five years	9	-	-	-

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2015

18. INFORMATION REGARDING EMPLOYEES AND TRUSTEES

Average number of employees during the year including both full and part time (each part time employee is shown as equivalent to half a full time Employee

2015
No.

2014
No.

72

101

No.

No.

The average number of employees, analysed by division was:

SSC (from November 2014 includes NSAR staff)

60

80

Hospitality Guild

1

1

National Skills Academy for Retail (average to October 2014)

11

18

Skillsmart Retail UK Limited (all TUPE'd to People 1st)

0

2

72

101

Staff costs were as follows:

2015
£'000

2014
£'000

Wages and salaries

3,140

4,199

Social security costs

290

472

Pension costs

256

313

3,686

4,984

No.

No.

The number of employees paid over £60,000 during the year (salary plus taxable benefits) was:

£60,000 - £70,000

2

9

£70,000 - £80,000

3

1

£80,000 - £90,000

-

2

£90,000 - £100,000

2

-

£120,000 - £130,000

-

1

£130,000 - £140,000

-

1

£140,000 - £150,000

1

1

£220,000 - £230,000

-

1

For employees earning over £60,000:

The number of staff in defined benefit pension scheme

5

15

During the year the total remuneration paid to a trustee of the Charity (Non-Executive Chairperson) amounted to £25,000 (2014: £40,000). This was agreed by the Charity Commission.

During the year the total expenses reimbursed to 2 trustees amounted to £490 (2014: £699). This principally represents reimbursed travelling expenses incurred in attending trustees' meetings.

19. PENSION SCHEME

The company is a Participating Employer in the ITB Pension Funds Open Fund which consists of two schemes – the DB Scheme and the DC Scheme and is in operation for the Industrial Training Boards and their successors.

DB Scheme

The DB Scheme is a defined benefit pension scheme - the assets of which are held separately from those of the company in an independently administered fund. The actuarial liability is determined for the DB Scheme as a whole and not for individual Participating Employers. For practical purposes the contributions paid to the Scheme compromise the company's pension costs relating to the employees who are members of the Scheme and these are charged to the Statement of Financial Activities in the period to which the contributions relate.

As at 31 March 2015, People 1st had 17 participating in the DB scheme with 5 of those members in the Old Section and 12 members in the 2007 Section. During the year the employer Standard Contribution Rate in respect of Old Section members was 18.9% of pay and 11.7% of pay in respect of 2007 Section members. The standard member contribution rate to the Scheme prior to tax relief was 6% of Pensionable Salary. However, those who chose to remain Old Section members were required by the company to pay 11.8% member contributions. As before, 2007 Section members pay a 5% contribution rate.

Where member contribution rates are less than the standard, member contribution rate of 6% then the difference is financed by the Company.

The total Standard Contribution Rates are 30.7% of pay in respect of Old Section members and 16.7% in respect of the 2007 Section members.

The DB Section pension cost charge for the year was £260,160 (2014 - £279,835).

In accordance with Section 224 (1) of the Pensions Act 2004 a formal actuarial review of the DB Section of Open Fund, as at 31 March 2013 was carried out and disclosed a residual deficit of £23.8 million. People 1st has been informed that given the size of its employer surplus pot no additional deficit contributions are currently likely to be required for either itself or its subsidiary.

The ITB Pension Fund has written to all Participating Employers, stating that if they were to cease participating in the Funds, they would face a potential liability. In the case of People 1st, this liability was estimated at £20.601 million at 31 March 2015 if it ceased to participate in the Scheme. On 29th September 2015, the assets and liabilities of Hospitality Guild, a subsidiary, were transferred to People 1st. This includes a further estimated liability of £326,000 on ceasing to participate in the scheme. People 1st currently has no plans to leave the Scheme, so this contingent liability has not been provided for in the accounts.

DC Scheme

The DC Scheme is a defined contribution arrangement. Employee and Employer contributions are invested in a master policy established by The Trustees of The ITB Pension Funds with Legal & General Assurance Society Ltd. People 1st elected with effect from the 1st April 2012 to include all new members to the Open Fund below the level of Senior Management in the DC Scheme.

The assets of the DC Scheme are separate from those of the DB Scheme and the DC Scheme is not subject to a valuation.

The Employer Contribution rate is 5% of pensionable pay. The Employer Contribution rate is similarly 5% of pensionable pay. Five new members joined from NSAR in November 2014 and 3 employees opted to pay 4% contributions and Employer contributions are 7.5%, 12.5% and 17.5% depending on age.

As at 31st March 2015 People 1st had 36 participating in the DC Scheme.

PEOPLE 1ST

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2015

19. PENSION SCHEME (continued)

The DC Scheme pension cost charge for the year was £129,105 (2014: £145,378).

For practical purposes the contributions paid to the DB & DC Schemes comprise the company's pension costs relating to the employees who are members of the DB & DC Schemes and these are charged to the Statement of Financial Activities in the period to which the contributions relate.

20. RELATED PARTY TRANSACTIONS

David Fairhurst is 'Senior Vice-President, People' at McDonald's Europe. McDonald's UK have donated use of Hospitality House to People 1st rent-free for seven years. Hospitality House opened for business in September 2013. During the year People 1st paid service charge and maintenance in relation to the building of £42,526 (2014: (2014: £27,000).

During the year, People 1st entered into arms-length transactions to provide products and services with the following related parties:

Joint Approvals Unit for Periodic Training (JAPUT)

Nature of relationship: People 1st is a member of JAPUT.

Provision of support services £21,591. (2014: £79,045).

At 31 March 2015, there were no amounts outstanding between the two companies (2014: £nil).

Federation for Industry Sector Skills and Standards (FISSS)

Nature of relationship: the Managing Director of People 1st is a Director of FISSS.

Income from certification and projects was £506,000 (2014: £616,472).

At 31 March 2015, £37,000 was outstanding from FISSS (2014: £9,000).

MerseyTravel

Nature of relationship: Liz Chandler (Operations Director of Mersey Travel) is a Trustee of People 1st.

Income from secondment of staff and purchase of training and support materials was £7,800 (2014: £5,335).

At 31 March 2015, there were no amounts outstanding between the two companies (2014: £nil).

The Monarch Group

Nature of relationship: Andrew Swaffield (CEO - The Monarch Group) is a Trustee of People 1st.

Income from sales of training and supporting materials was £16,000 (2014: £93,681).

At 31 March 2015, there were no amounts outstanding between the two companies (2014: £nil).

Sodexo Limited

Nature of relationship: Natalie Bickford (HR Director Sodexo Europe) is a Trustee of People 1st.

Patronage and sales of training and supporting materials £15,000 (2014: £13,075).

At 31 March 2015, there were no amounts outstanding between the two companies (2014: £nil).