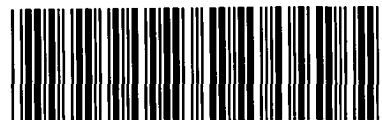


AoC Services Limited
(Previously AoC Create Ltd.)

**Directors' report
and
financial statements
for the year ended
31 March 2021**

Registered number: 02952696

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Directors and Advisers

Directors

The directors of the Company, all of whom have been directors for the whole of the year up to the date of this report unless otherwise indicated, are listed below.

Non Executive Director	Dates
C.Booth	
R.Chase	Appointed 20 August 2020
S.Chaudhry	
S.Frampton	Chair
S.Knight	Appointed 23 February 2021
G.McDonald	Appointed 20 August 2020
D.Roberts	Resigned 31 December 2020
S.Stonham	
Y.Williams	Appointed 23 February 2021

Executive Director	Dates
P.Brophy	
H.Clifford	
D.Hughes	

Secretary	Dates
J. Edwards	

Registered Office

2 – 5 Stedham Place
London
WC1A 1HU

Statutory Auditor

RSM UK Audit LLP
25 Farringdon Street
London
EC4A 4AB

Internal Auditor

Mazars LLP
Tower Bridge House
St Katherine's Way
London
E1W 1DD

Solicitors

Eversheds Sutherland
1 Wood Street
London
EC2V 7WS

Bankers

Barclays Bank PLC
28th Floor
1 Churchill Place
London
E14 5HP

Directors' Report

The directors present their report and the audited financial statements for the year ended 31 March 2021.

AoC Create Limited changed its company name by resolution to AoC Services Limited on 3 June 2020 and will be referred to as such throughout the report.

AoC Services Limited is the commercial trading arm and wholly-owned subsidiary of the Association of Colleges. Its principal activities are:

- **Conferencing & events** – experts in developing, organising and staging conferences, exhibitions and events of all sizes, either at venues or digitally. All targeted at colleges, the wider further education sector or related sectors such as local government and higher education. The team runs over 100 events per year, including national annual events and policy-related events or consultations.
- **Event management services** – as the lead provider of events in the further education market, the team provides end-to-end event management services to clients offering variable event management options, at venues or digitally, including sponsorship and exhibition opportunities and programme development.
- **Training & development** – supporting clients at all levels, covering the range of training and consultancy needs for a modern and flexible organisation we deliver through a team of associates who are selected for their broad expertise from both within and outside the sector. We offer a range of training programmes and delivery methods, from open workshops to bespoke in-house training. This year our digital programme has broadened reach and impact of our training significantly and we continue to run our Senior Leadership Development Programme.
- **Recruitment** – we offer a range of flexible recruitment services to support our members in attracting, assessing and appointing the best candidates for senior and middle management roles. We offer assessment centre design and psychometric testing. Our search, assessment and recruitment service for Chairs and governors has grown market share and also the attraction and recruitment of specialist teachers into skills shortage areas.

Directors' Report (*continued*)

- **Consultancy** – we provide specialist consultants to support colleges and training providers during specific projects such as strategic reviews, merger support and diagnostic reviews. We also offer board support and leadership coaching.
- **Interim management services** – we provide additional staffing resource, predominantly in leadership and senior manager roles either as emergency support in situations of significant change or to provide additional expert resource to keep a college running smoothly when a critical role is vacant.
- **AoC Jobs** - our specialist job board provides our members with an online recruitment portal by which to attract candidates and raise the profile of the further education sector to a broader field of candidates.

In 2020/21 the global pandemic created massive change and upheaval, with the UK experiencing several local and national lockdowns. All staff commenced working from home in March 2020, and the business quickly pivoted to provide services to clients remotely. The digital recruitment service via AoC Jobs continued in a strong position, with minimal change throughout the year and remains the leading jobs board for FE. AoC Jobs continues to develop new services and innovate for clients. All events and training have been delivered through digital platforms and this change took place at considerable speed. The new portfolio was offered to members free of charge for the first 6 months of the year and delegate numbers grew rapidly. Once events and training were monetized again in September these higher delegate numbers continued to grow, creating exciting new opportunities for the business in terms of engagement, insight and impact with members.

The rapid pace of change, regulation, scrutiny and oversight of the past year has presented colleges with an ever more demanding operating environment. This year has been particularly difficult due to the combined impact of public spending decisions, demography, competition, pressures to retain staff, higher pension costs and shortage of profitable alternatives to government funding. The on-going management of the Covid-19 crisis has continued to have a negative impact on many college balance sheets with a loss of commercial income, decline in apprenticeships, unforeseen costs of PPE and Covid-19 safety plans and regular all college testing facilities as well as government funding clawbacks. At the start of 2020 as many as 70 colleges were in early or formal intervention and with the Covid-19 crisis and the impact of this, heavier financial losses look likely in the college sector.

Directors' Report *(continued)*

The severe challenges of the operating market for colleges has resulted in a reduced demand for new interim and consultancy services, but an extension of existing contracts and an upturn in interest and commitment for training, webinars, events and conferences. Throughout the pandemic the increased support through webinars, training and conferences has strengthened customer demand and loyalty. The digital experience has generated a more predictable mode of delivery and flexible management of costs. In the final six months of the year we have operated a charging model for events and many of these have exceeded delegate numbers, sponsorship interest and profitability. However, the first six months of zero income for this part of the business was in fact time and money spent on research, development and targeted investment and has built back new profitability in our portfolio.

We have succeeded in retaining almost all of our long-term partners for sponsorship and secured some new sponsor interest. Digital events offer opportunities for fewer partners and income levels from sponsors are lower but this change in delivery has created new models potentially new markets. We will also return to some venue events in 2021.

Demand for recruitment has been subdued this year, particularly with regional and national lockdowns. All services have pivoted successfully to digital with online assessment centres. Client and candidate feedback has been very positive, and we have worked closely with candidates, clients and governing bodies to familiarise them with these new ways of working. We continue to provide programmes of training and support for governing bodies and our digital portfolio has enabled the recruitment team to deliver additional value through targeted webinars and raise awareness of the service across members. We remain committed to increasing diversity in leadership via our training and coaching programme and we are continuously improving recruitment practice to ensure equality of opportunity from attraction to placement.

Our mission and purpose remain the same – to provide our clients and members with high quality, competitively priced services to build a strong and sustainable college sector.

Conferences and events

The Company delivered a series of digital events this year resulting in 21,000 member engagements. Delegate numbers have exceeded targets for several events and our Annual Conference this year had 4500 delegates, a 400% increase on 2019. We also piloted our first student focused events #CollegesLive. Almost 100 colleges registered with several thousand students attending and feedback was excellent. We will continue #CollegesLive as an annual digital event and Annual Conference will revert to a venue event in November 2021. Our Annual Conference is our flagship event for AoC and the members it represents.

Directors' Report (*continued*)

We have provided over 100 webinars for members which have been free of charge and we have implemented new pricing structures for many events to increase multiple attendance within colleges and generate CPD opportunities.

The fast pace of innovation and change necessitated by the pandemic has created many new opportunities for growth in conferences and events and we continue to plan an engaging programme for members with greater potential for profitable growth.

Sponsorship

Most of our established partnerships have worked closely with us over the last year and benefitted from the greater range of engagement with members. We have also on-boarded new members. Overall income was slightly down, as a result of the digital Annual Conference, but an upturn in other events and sponsor interest has resulted in a better outcome than expected.

Training and development

The first six months of the year generated zero income for this division but income has bounced back with a sell-out programme of Masterclasses, three new projects from ETF (Education Training Foundation) and an increased demand for in house training. We held the first Colleges Learning Week in June 2020 and over 1400 delegates attended. This was offered free of charge and feedback was excellent providing us with a template for a new annual training event. Our new marketing campaign has launched and our senior leadership programme in England continues to grow in popularity. We continue to deliver workshops for new and middle managers.

Interim management

Demand for Interim management and Consultancy has been subdued throughout the year, fluctuating in direct response to lockdowns. Several contracts have been extended with a demand for shorter focused consultancy projects. We anticipate this division will bounce back as lockdown restrictions ease and as the FE Commissioner and Ofsted return to business as usual.

Directors' Report *(continued)*

Leadership recruitment

In a very crowded and competitive market activity has been subdued due to Covid-19 pandemic and lockdowns. Despite this our win rate has improved and we continue to promote our service based on quality and added value. We work closely with clients on repeat business and this year we have worked with 25 clients on 42 roles this year. Seven clients are new to AoC and 18 have worked with us many times before. We are proud to generate such loyalty and we have priced our services very competitively this year. We are proud of the progress we are making in achieving our objective to increase diversity of leadership within our sector. Over the last two years 23% of candidates appointed into college senior leadership roles via AoC have been from a minority ethnic background and this is the case for 26% of governors placed via AoC. We continue to review our practice and processes to meet the highest standards of success for diverse recruitment. Client satisfaction is high and candidate feedback is also very positive.

AoC Jobs

We have maintained our position within the top two jobs boards in the FE market throughout the year and we continue to innovate this service, building in new features and improvements in response to customer demand. We have retained most of our licence holders and continue to recruit new colleges as licensees. Our retention of existing licence holders remains high.

Company developments

This year the company has invested significantly into pivoting the business to offer high quality digital products which engage further and deeper within our membership. It has grown market share in events, digital recruitment, leadership recruitment and events and in Q4 the company has seen real income growth. The company is purpose driven, offering high quality products to colleges and members to build a strong and sustainable post 16 education sector. The business is in a stronger position and the AoC brand is known, trusted and highly regarded. Colleges are important cornerstones of the economy and the community and play a vital role in the post-pandemic economic recovery. We continue to develop new products and services for our members and the education market to meet current and future requirements.

Directors' Report *(continued)*

Company results

The Board reports the Company outturn for the financial year ending 31 March 2021, which is a loss of £26,586 (2020: £(144,788)) before tax. No dividend (2020: nil) was paid to the parent company, Association of Colleges.

Concluding note

AoC Services continues to demonstrate its value and purpose within a fast-changing and challenging market providing additional services to members, which are high quality and competitively priced. The Company is firmly located within the AoC group. Although the last two years have provided difficult trading, not least due to the Covid 19 pandemic, we continue to have successfully held on to market share in our business through a diversified product offer and stronger marketing presence. There has been heavy pressure on price points and we have discounted prices during lockdown periods in the pandemic as well as operating almost zero income for six months in parts of our business. We have invested in regular interactions and engagement with members resulting in a marginal loss for the year overall. The business has undergone massive change and is stronger with a well-developed digital offer which is flexible and responsive. Members are paying for digital products and satisfaction is high. Throughout the year member feedback has been very positive and this informed the development of new products and services which are beginning to generate higher income and profitability. The Company has a strong team of committed professionals who continue to adapt to meet market change and add positive value to the AoC and the FE sector overall.

Covid-19

As Government restrictions begin to be lifted AoC Services is seeing business activity increase. AoC Services maintained staffing levels during the pandemic to ensure we could meet customer demand and maintain high service levels as soon as it was needed by the sector, as we are now seeing.

Directors' Report *(continued)*

Statement as to Disclosure of Information to Auditor

The directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditors are unaware. The directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

Auditor

RSM UK Audit LLP are deemed to be re-appointed under section 487(2) of the Companies Act 2006. This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption.

Approved by the Board of Directors on 18 June 2021.

On behalf of the Board of Directors



P J Brophy
Director
15th July 2021

Statement of Directors' Responsibilities

The directors are responsible for preparing the Directors' Report and Financial Statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing those financial statements, the directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and accounting estimates that are reasonable and prudent;
- c. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the AoC Services website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AOC SERVICES LIMITED

Opinion

We have audited the financial statements of AoC Services Limited (the 'company') for the year ended 31 March 2021 which comprise the Statement of Income and Retained Earnings, the Statement of Financial Position, the Statement of Cashflows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 company's affairs as at 31 March 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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 company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' 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 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 directors with respect to going concern are described in the relevant sections of this report.

Independent Auditor's report to the Members of AoC Services Ltd (*continued*)

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' 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 company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' 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 returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption from the requirement to prepare a strategic report or in preparing the directors' report

Independent Auditor's report to the Members of AoC Services Ltd *(continued)*

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 10 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the 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.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

Independent Auditor's report to the Members of AoC Services Ltd (continued)

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the company operates in and how the company is complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102 and the Companies Act 2006. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures.

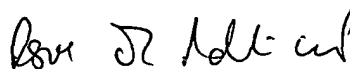
The audit engagement team identified the risk of management override of controls as the area where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business and challenging judgments and estimates.

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

Use of our report

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

PAUL OXTOBY (Senior Statutory Auditor)



For and on behalf of RSM UK Audit LLP, Statutory Auditor

Chartered Accountants

25 Farringdon Street

London

EC4A 4AB

13 September 2021

Statement of Income and Retained Earnings
for the year ended 31 March 2021

	Note	2021 £	2020 £
Turnover		2,669,630	4,550,035
Cost of sales		<u>(2,132,669)</u>	<u>(4,008,268)</u>
Gross profit		536,961	541,767
Administrative expenditure		<u>(563,622)</u>	<u>(688,453)</u>
Operating (loss)		(26,661)	(146,686)
Interest receivable and similar income	2	<u>75</u>	<u>1,898</u>
(Loss)/profit on ordinary activities before taxation	3	(26,586)	(144,788)
Taxation	6	<u>2,008</u>	<u>(212)</u>
(Loss)/profit for the financial year		<u>(28,594)</u>	<u>(144,576)</u>
Retained earnings at 1 April		782,830	927,406
Dividend paid	7	=	=
Retained earnings at 31 March		<u>754,236</u>	<u>782,830</u>

Statement of Financial Position
as at 31 March 2021

	Notes	2021 £	2020 £
<u>Fixed assets</u>			
Other intangible assets	8	106,998	96,429
Tangible fixed assets	9	<u>1,102</u>	<u>12,078</u>
		108,100	108,507
<u>Current assets</u>			
Debtors due within one year	10	1,357,339	1,179,291
Cash at bank		<u>84,177</u>	<u>117,847</u>
		1,441,516	1,297,138
<u>Current liabilities</u>			
Creditors: amount falling within one year	11	<u>(772,656)</u>	<u>(602,099)</u>
Net current assets		<u>668,860</u>	<u>695,039</u>
Total assets less current liabilities		776,960	803,546
Provision for liabilities	12	<u>(22,624)</u>	<u>(20,616)</u>
Net assets		<u>754,336</u>	<u>782,930</u>
<u>Capital and reserves</u>			
Called-up share capital	13	100	100
Profit and loss account	13	<u>754,236</u>	<u>782,830</u>
Total equity		<u>754,336</u>	<u>782,930</u>

Company Registration Number: 02952696

These accounts have been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption. The financial statements on pages 15 to 31 were approved and authorised for issue by the Board of Directors on 18 June 2021 and were signed on its behalf by:

S Frampton
Chair
15 July 2021

The Association of Colleges has the power to amend the financial statements after issue.

Statement of Cashflows
for the year ended 31 March 2021

	Notes	2021 £	2020 £
Operating activities			
Cash generated from operations	14	23,203	74,058
Taxation		=	<u>20,328</u>
Net cash used in operating activities		23,203	94,386
Investing activities			
Purchase of tangible fixed assets		(56,949)	(128,572)
Interest received		<u>75</u>	<u>1,898</u>
Net cash from operating activities		(56,874)	(126,674)
Financing activities			
Dividends paid		=	=
Net cash used in financing activities		-	-
Net increase/(decrease) in cash and cash equivalents		(33,670)	(32,288)
Cash & cash equivalents at beginning of year		<u>117,847</u>	<u>150,135</u>
Cash & cash equivalents at end of year		<u>84,177</u>	<u>117,847</u>
Relating to:-			
Bank balances and short-term deposits included in cash at bank and in hand		<u>84,177</u>	<u>117,847</u>

Notes *(forming part of the financial statements)*

1. Accounting Policies

General Information

AoC Service is a limited company limited by shares, domiciled and incorporated in England, registered number: 02952696.

The address of the Company's registered office and principal place of business is 2 – 5 Stedham Place, London, WC1A 1HU.

AoC Services Limited is the commercial trading arm and wholly-owned subsidiary of Association of Colleges (AoC) and its principal activities are disclosed in the Directors' Report.

Basis of Preparation

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102"), the requirements of the Companies Act 2006 as applicable to companies subject to the small companies' regime, and under the historical cost convention.

The Company meets the definition of a public benefit entity under FRS 102. Monetary amounts in these financial statements are rounded to the nearest whole pound.

Consolidated Financial Statements

The financial statements of the Company are consolidated in the financial statements of Association of Colleges. The consolidated financial statements of Association of Colleges are available from its registered office, 2 – 5 Stedham Place, London, WC1A 1HU.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Going Concern

Since the significance of the economic impacts of the COVID-19 outbreak have become apparent, the Directors have reviewed in detail the Company's position and the appropriate basis on which to prepare the financial statements. During the year, there was an adverse impact to the operating model as a result of the guidelines introduced by the government following the outbreak of the virus. However, due to cost savings and support from the Job Retention Scheme, the financial position remains adequate.

Whilst the Directors recognise that some uncertainty remains, they have considered that it remains appropriate to prepare the financial statements on a going concern basis. The stress testing of the Company's financial position has satisfied the Directors that it has adequate reserves and mitigation strategies available to deal with any further restrictions imposed. In addition, a letter is to be issued shortly by the AoC Board to support AoC Services with any financial liabilities, should they arise.

Notes (continued)

Functional and Presentational Currencies

The financial statements are presented in sterling which is also the functional currency of the Company.

Turnover

Turnover is recognised at the fair value of the consideration received or receivable for provision of services to external customers in the ordinary nature of the business. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates. Turnover is shown net of Value Added Tax.

Income received for events relating to subsequent accounting periods is deferred. When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Government Grant Income

Government grant income are matched and recognised in the same period as the related costs. Management fee is recognised at the end of the period or piece of work to which it relates.

Other Income

Interest Income

Interest income is accrued on a time-apportioned basis, by reference to the principal outstanding at the effective interest rate.

Intangible Fixed Assets (other than goodwill)

Intangible assets are initially recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Intangible assets are amortised to profit or loss on a straight-line basis over their useful lives, as follows:

Purchased computer software: 4 years [25% per annum].

The Company's policy is to charge the full year's amortisation in the year of acquisition and charge no amortisation in the year of disposal.

Tangible Fixed Assets and Depreciation

Tangible fixed assets are initially recognised at cost and are subsequently measured at cost less accumulated depreciation and accumulated impairment losses. Depreciation is provided to write off the cost by equal instalments over their estimated useful economic lives as follows:

Office equipment: 4 years [25% per annum].

Notes (continued)

The Company's policy is to charge the full year's depreciation in the year of acquisition and charge no depreciation in the year of disposal.

Impairment of Fixed Assets

An assessment is made at each reporting date of whether there are indications that a fixed asset may be impaired or that an impairment loss previously recognised has fully or partially reversed. If such indications exist, the Company estimates the recoverable amount of the asset or, for goodwill, the recoverable amount of the cash-generating unit to which the goodwill belongs.

Shortfalls between the carrying value of fixed assets and their recoverable amounts, being the higher of fair value less costs to sell and value-in-use, are recognised as impairment losses. Impairments of revalued assets are treated as a revaluation loss. All other impairment losses are recognised in profit or loss.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Reversals of impairment losses are recognised in profit or loss or, for revalued assets, as a revaluation gain. On reversal of an impairment loss, the depreciation or amortisation is adjusted to allocate the asset's revised carrying amount (less any residual value) over its remaining useful life.

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Current and deferred tax is charged or credited in profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts

Notes (continued)

and the entity intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Employee Benefits

The costs of short-term employee benefits are recognised as a liability and an expense. The best estimate of the expenditure required to settle an obligation for termination benefits is recognised immediately as an expense when the Company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Pension Scheme Arrangements

All employees of AoC Services Limited are contractually employed by the parent company (AoC). Therefore, the pension liability has been recorded in the accounts of the parent company.

Employees may elect to be members of the London Pensions Fund Authority (LPFA) pension fund or be auto-enrolled into the Flexible Retirement Plan run by the Pensions Trust. LPFA is a funded defined benefit scheme, whereas the Flexible Retirement Plan is a defined contribution scheme.

Financial Instruments

The Company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102, in full, to all of its financial instruments.

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument and are offset only when the Company currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial Assets

Trade Debtors - Trade debtors which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price. Trade debtors are subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

Financial Liabilities

Trade Creditors - Trade creditors payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

Notes (continued)

Derecognition of Financial Assets and Liabilities

A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

Provisions

Provisions are recognised when the Company has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and that obligation can be estimated reliably.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

Restructuring

Provisions for restructuring costs are recognised when the Company has a legal obligation or a constructive obligation arising from a detailed formal plan for the restructuring which has been notified to affected parties.

Critical Accounting Estimates and Areas of Judgement

Estimates and judgements are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. In the opinion of the directors, there were no judgements made that have a significant effect on the amounts recognised in the financial statements nor any key assumptions or estimates made which might cause a material adjustment.

2. Other interest receivable and similar income		
	2021	2020
	£	£
Bank interest receivable	<u>75</u>	<u>1,898</u>

Notes (continued)

3. Profit on ordinary activities before taxation		
	2021	2020
	£	£
<i>Profit on ordinary activities before taxation is stated after charging:</i>		
Depreciation on tangible fixed assets	10,976	10,976
Amortisation of intangible fixed assets	46,380	32,143

Fees payable to RSM UK Audit LLP and its associates in respect of both audit and non-audit services are as follows:

	2021	2020
	£	£
Audit services – statutory audit of the company	5,700	5,700
Other services:		
All other non-audit services	<u>3,900</u>	<u>3,150</u>
	<u>9,600</u>	<u>8,850</u>

4. Staff numbers and costs

The average number of persons employed by the parent company (AoC) undertaking work on behalf of AoC Services, and recharged during the year, was as follows:

	2021	2020
Sales	12	14
Administration (includes operational staff)	9	14
Total	<u>21</u>	<u>28</u>

The aggregate payroll costs of these persons were as follows:

Wages and salaries	850,944	1,117,635
Social security costs	94,936	116,311
Pension costs	<u>118,015</u>	<u>130,314</u>
Total	<u>1,063,895</u>	<u>1,364,260</u>

All salary costs are recharged from Association of Colleges.

Notes (continued)

5. Remuneration of directors

One of the directors received emoluments in respect of their role at AoC Services Limited of £45,758 (2020: £57,643). Pension contributions for this individual were £13,475 (2020: £11,381).

Two (2020: two) of the directors were also employees of the parent company, Association of Colleges. Total directors' remuneration amounted to £381,408 (2020: £383,174) and the pension costs were £57,691 (2020: £45,478).

6. Tax on profit on ordinary activities

	2021	2020
	£	£
<i>Current tax</i>		
Current tax:		
UK corporation tax at 19%	-	-
Adjustments in respect of previous periods	-	(16,909)
Total current tax charge/(credit)	-	(16,909)
<i>Deferred tax</i>		
Origin and reversal of timing differences	2,008	16,236
Effect of tax rate change on opening balance	-	461
<i>Total deferred tax</i>	<u>2,008</u>	<u>16,697</u>
<i>Total tax on profit on ordinary activities</i>	<u>2,008</u>	<u>(212)</u>

Factors affecting the tax charge for the year

		2020
		£
Profit/(loss) on ordinary activities before tax	(26,586)	(144,788)
Tax on profit on ordinary activities at standard CT rate of 19%	(5,051)	(27,510)
Fixed Asset differences	2,085	-
Expenses not deductible for tax purposes	-	2
Losses carried back	-	16,908
Group relief surrendered/(claimed)	4,974	26,836
Adjustments to tax charge in respect of previous periods	-	(16,909)
Adjust opening deferred tax to average rate	-	461
Change in tax rate	-	-
Current tax charge for the period	<u>2,008</u>	<u>(212)</u>

Factors affecting tax charges for future periods

The company has a deferred tax liability of £22,624 (2020: £20,616). This is shown at a corporation tax rate of 19% (2020: 19%). This has been analysed in 'Provision for liabilities' (see note 13).

Notes (continued)

7. Dividend

A dividend was not paid to the parent company, Association of Colleges, for the year ended March 2021 (2020: £nil).

8. Other intangible assets

	Purchased computer software £	Total £
<u>Cost:</u>		
At 1 April 2020	<u>128,572</u>	<u>128,572</u>
Additions	56,949	56,949
Disposals	-	-
<i>At 31 March 2021</i>	<u>185,521</u>	<u>185,521</u>
<u>Amortisation and impairment:</u>		
At 1 April 2020	<u>32,143</u>	<u>32,143</u>
Disposals	-	-
Amortisation charged in the year	<u>46,380</u>	<u>46,380</u>
<i>At 31 March 2021</i>	<u>78,523</u>	<u>78,523</u>
<u>Carrying amount:</u>		
<i>As at 31 March 2020</i>	<u>96,429</u>	<u>96,429</u>
<i>As at 31 March 2021</i>	<u>106,998</u>	<u>106,998</u>

'Other intangible assets' relates to the AoC Services Jobs website upgrade and ATS development during 2020/21. The amortisation charges for the year are recognised within administrative expenses.

9. Tangible fixed assets

	£
<u>Cost</u>	
At 1 April 2020	<u>43,903</u>
Additions	-
Disposals	-
<i>At 31 March 2021</i>	<u>43,903</u>
<u>Depreciation</u>	
At 1 April 2020	<u>31,825</u>
Disposals	-
Charges for the year	<u>10,976</u>
<i>At 31 March 2021</i>	<u>42,801</u>
<u>Net book value</u>	
<i>As at 31 March 2020</i>	<u>12,078</u>
<i>As at 31 March 2021</i>	<u>1,102</u>

All tangible fixed assets relate to office equipment.

Notes (continued)

10. Debtors: amounts falling due within one year		
	2021	2020
	£	£
Trade debtors	913,392	952,678
Amounts owed by group undertakings	-	-
Prepayments and accrued income	425,717	209,704
Corporation tax refund accrual	16,909	16,909
Other debtors	<u>1,321</u>	-
Total	<u>1,357,339</u>	<u>1,179,291</u>

11. Creditors: amounts falling due within one year		
	2021	2020
	£	£
Trade creditors	216,964	84,201
Amounts owed to group undertakings	151,449	170,253
Corporation tax accrual	-	-
Deferred income	306,659	275,896
Accruals	<u>97,583</u>	<u>71,749</u>
Total	<u>772,655</u>	<u>602,099</u>

AoC Services is party to a group VAT registration with other companies in the Group, of which it is a member. At 31 March 2021, the amount due under this arrangement in respect of the group was £152,549 (2020: £123,320).

12. Provision for liabilities		
Provisions for deferred tax has been made as follows:		
	2021	2020
	£	£
Deferred tax liabilities	<u>22,624</u>	<u>20,616</u>
Total	<u>22,624</u>	<u>20,616</u>

The major deferred tax liabilities and assets recognised by the Company are:

	2021	2020
	£	£
Accelerated capital allowances	<u>22,624</u>	<u>20,616</u>
Total	<u>22,624</u>	<u>20,616</u>

The deferred tax liability of £22,624 (2020: £20,616) is expected to reverse within 12 months and relates to fixed asset timing differences and pension creditor.

Notes (continued)

The movement in deferred tax comprises:

	2021	2020
	£	£
Opening deferred tax liability/(asset)	20,616	3,919
Charged to profit or loss	<u>2,008</u>	<u>16,697</u>
Closing deferred tax liability/(asset)	<u>22,624</u>	<u>20,616</u>

There was no unprovided deferred taxation at 31 March 2021 (2020: nil).

13. Share capital and reserves

	2021	2020
	£	£
Share capital		
Allotted share capital - 100 ordinary shares of £1 each	100	100
Called-up share capital	100	100

The Company's ordinary shares, which carry no right to fixed income, each carry the right to one vote at general meetings of the Company.

Reserves

Reserves in the Company represent retained earnings, which is the cumulative profit and loss net of distributions to owner.

14. Reconciliation of profit after tax to net cash generated from/(used in) operations

	2021	2020
	£	£
Profit/(loss) after tax	(28,594)	(144,576)
Adjustments for:		
Depreciation of tangible fixed assets	10,976	10,976
Amortisation of intangible assets	46,380	32,143
Interest Receivable	(75)	(1,898)
Taxation	<u>2,008</u>	<u>(212)</u>
Operating cash flows before movements in working capital	30,695	(103,567)
Decrease/(increase) in trade and other debtors	(178,048)	459,250
(Decrease)/increase in trade and other creditors	<u>170,556</u>	<u>(281,625)</u>
Cash generated from operations	<u>23,203</u>	<u>74,058</u>
Cash and cash equivalents represent:-		
Cash at bank	84,177	117,847

Notes (continued)

15. Parent company and related party transactions

AoC Services is a wholly-owned subsidiary of the Association of Colleges (AoC) which is also the ultimate controlling entity. The Company has taken advantage of the exemption available in FRS 102 (33.1A) whereby it has not disclosed transactions with the ultimate parent company or any wholly-owned subsidiary undertaking of the group.

Set out below are other transactions for services provided by AoC Services Limited to the entities related to the non-executive company directors.

C Booth – Luminate Education Group		
	2021	2020
Transactions during period	£10,611	£12,702
Nature of transactions	Events, Recruitment & Training	Events, Recruitment & Training
Balance outstanding as at 31 March	£7,236	£4,797

S Chaudhry – National Centre for Diversity		
	2021	2020
Transactions during period	£4,200	£1,800
Nature of transactions	Events	Events
Balance outstanding at 31 March	NIL	NIL

S Knight – JISC (appointed 23 February 2020)		
	2021	2020
Transactions during period	£9,600	NIL
Nature of transactions	Events	-
Balance outstanding at 31 March	£9,600	NIL

G McDonald – New City College London (appointed 20 August 2020)
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	2021	2020
Transactions during period	£20,742	NIL
Nature of transactions	Events, Recruitment & Training	-
Balance outstanding at 31 March	£17,502	NIL

D Roberts – Principal, Brockenhurst College
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	2021	2020
Transactions during period	£2,280	£869
Nature of transactions	Events	Events
Balance outstanding at 31 March	NIL	£299

Y Willams – Coleg Cambria (appointed 23 February 2020_

	2021	2020
Transactions during period	£4,020	NIL
Nature of transactions	Events	-
Balance outstanding at 31 March	NIL	NIL

Sales of goods to related parties were made at the Company's usual list prices. Purchases were made at market price discounted to reflect the quantity of goods purchased.

Notes (continued)

16. Remuneration of key management personnel

The total remuneration of the directors and the senior managers of each division, who are considered to be the key management personnel of the Company, was £327,942 (2020: £346,618). Other directors remunerated in Association of Colleges totalled £335,650 (2020: £325,531).

17. Ultimate parent company and ultimate controlling party

The directors consider the ultimate parent undertaking to be Association of Colleges, a company incorporated in the United Kingdom. Association of Colleges is the immediate parent and is the smallest and largest company for which consolidated accounts including AoC Services Limited are prepared. The consolidated accounts of Association of Colleges are available from its registered office at 2-5 Stedham Place, London, WC1A 1HU