

# Financial Statements JSSC

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For the year ended 31 March 2014

Charity number: 1107141  
Scottish charity number: SC038928

Registered number: 04826715



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**JSSC**  
(A company limited by guarantee)

## Reference and Administrative Details of the Company, its Trustees and Advisors

For the year ended 31 March 2014

### **Trustees and directors**

Sir Duncan Nichol C.B.E, Chair  
David Reardon  
David Wood  
Darran Gunter  
Nigel Savage  
Morag Aitken  
Tracey Dyer  
Rory Love  
Warren James  
Edward Jervis  
Chris May  
Martin Blakebrough

### **Senior management team**

Alan Woods O.B.E, Group Chief Executive Officer (resigned 8 April 2014)  
Steve Clark, Acting Chief Executive Officer  
Nick Skeet, Business Development Director  
Amanda Ryalls, Business Development Director

### **Company registered number**

04826715

### **Charity registered number**

1107141 and SC038928

### **Registered office**

Distington House, 26 Atlas Way, SHEFFIELD, S4 7QQ

### **Company secretary**

Timothy Statham (resigned 31 May 2014)  
Catherine Woollen (appointed 1 June 2014)

### **Statutory auditor**

Grant Thornton UK LLP, 2 Broadfield Court, SHEFFIELD, South Yorkshire, S8 0XF

### **Solicitors**

Taylor and Emmet, 20 Arundel Gate, SHEFFIELD, S1 2PP

### **Bankers**

Natwest, 42 High Street, SHEFFIELD, S1 1PG

# Trustees' Report (incorporating the Strategic Report)

For the year ended 31 March 2014

The trustees present their report and financial statements for the year ended 31 March 2014.

## Directors

A schedule of directors and trustees who served during the year is included on page 3 of this report.

## Structure, governance and management

### a. Constitution

JSSC (which operates under the business name of Skills for Justice) is a company limited by guarantee with a Memorandum and Articles of Association. It became a registered charity on 7 December 2004 in England and Wales and in Scotland on 13 November 2007.

Board members, who are JSSC's trustees, are drawn from throughout the Justice, Fire & Rescue, Armed Forces, Financial & Legal Services and Local Government Sectors. Organisations and individuals engaged in these Sectors meet together as a Council at least twice a year to contribute to JSSC long-term plans and policy. Members also meet in General Meetings to attend to formal business. The constitution of JSSC provides for the Board to consist of not less than 12 nor more than 20 directors; they are either appointed by the Board (up to 5 and ratified at the following Annual General Meeting) or elected directors by the members at a General Meeting, having been recommended either by the Board or by 2 or more members. The Nominations Committee, itself appointed by the members, advises on all changes to the Board to ensure that the correct balance of interests, skills and experience is maintained. It acts in accordance with a statement of governance policy adopted by the members on 30 March 2010.

Directors are advised of their responsibilities as directors and trustees on appointment and are kept advised and updated on any changes in responsibilities that come into force during the year.

The Board devises the strategy for the organisation and monitors progress against its strategic plan. The Board meets formally three times a year and informally once a year at a Board Away Day. In addition to the Nominations Committee referred to above, the Board has 2 other Committees which report to it:

- 1 Audit and Risk Committee ensuring management maintains adequate internal controls; reviewing the work carried out by the external auditors and internal audit work; and reviewing the Financial Plan and Budget.
- 2 Remuneration Committee advising on annual pay reviews for the Chair, Chief Executive Officer and senior staff.

Country Groups for each of the countries of Scotland, Wales and Northern Ireland also report to the Board. There are in addition Occupational Committees representing Courts, Tribunals & Prosecutions, Fire & Rescue and Offender Management & Rehabilitation. In Policing and Law Enforcement we convene a Review and Oversight Group for our work with the Home Office Forces and a Forum representing the Non-Home Office Forces and other law enforcement bodies.

An Appeals Committee is in place which is independent and provides a formal means to address challenges to decisions taken by JSSC.

Day to day management is delegated to a senior management team, consisting of the Chief Executive Officer (Steve Clark) and Business Development Directors (Nick Skeet and Amanda Ryalls).

The Board regularly reviews the major risks to which the company is exposed. Systems have been established to manage those risks, based on an active risk register. The Audit and Risk Committee regularly reviews the risk register.

## Trustees' Report (incorporating the Strategic Report) (continued)

For the year ended 31 March 2014

### **b. Trustees and Directors**

The trustees (who are also directors of the charitable company) are listed in the company information section and below. All served throughout the year with the exception stated below. The list below also indicates changes during the year and subsequently.

Sir Duncan Nichol C.B.E, Chair  
Robin Wilkinson (resigned 28 March 2014)  
David Reardon  
David Wood  
Darran Gunter  
Nigel Savage  
Brian Grzymek (resigned 28 March 2014)  
Morag Aitken  
Javed Khan (resigned 9 July 2013)  
Tracey Dyer  
Rory Love  
Steve Williams (resigned 28 March 2014)  
Warren James (appointed 28 March 2014)  
Edward Jervis (appointed 1 April 2013)  
Chris May (appointed 14 May 2013)  
Paul Boyle (appointed 1 April 2013, resigned 28 March 2014)  
Roy Leighton (appointed 14 May 2013, resigned 28 March 2014)  
Trevor Matthews (resigned 14 May 2013)  
Martin Blakebrough (appointed 28 March 2014)

### **Objectives**

Skills for Justice was originally licensed in April 2004 as the dedicated Sector Skills Council (SSC) for justice services. It was subsequently re-licensed as the dedicated SSC for the justice and community safety sectors in October 2009 extending to include fire and rescue services. In 2011 this was extended to include the footprint formerly looked after by Government Skills, namely the Armed Forces and Civil Service sectors, additionally including local government. In April 2013 JSSC merged with Financial Skills Partnership (FSP), the Sector Skills Council covering the financial, accounting and financial services sectors.

Skills for Justice works in partnership with employers, stakeholders and key partners across the whole of the UK. Providing a co-ordinated approach to skills issues, Skills for Justice ensures that all those who work in these sectors are equipped with the right skills, at the right levels, to enable them to be productive, effective and efficient.

Skills for Justice has 56 employees working across the UK in the Sheffield head office, in country offices in Northern Ireland, Scotland and Wales, and field-based home workers.

Skills for Justice forms part of the UK's employer-led network of Sector Skills Councils working towards:

- reducing skill gaps and shortages
- improving productivity and performance
- increasing opportunities to boost the skills and productivity of all those in the sectors' workforce, including action on equal opportunities
- improving the learning supply, including apprenticeships, higher education and National Occupational Standards (NOS)

## **Trustees' Report (incorporating the Strategic Report) (continued)**

**For the year ended 31 March 2014**

The Justice and Community Safety, Armed Forces, Financial and Legal Services, and Central and Local Government sectors are central to the political, economic and social environment in the UK and directly affect individuals' quality of life, sense of well-being and security, as well as ensuring an environment where organisations can develop, create new jobs and prosper. The existence of a safe and low-crime environment is critical to the UK economy. A wealth of diverse organisations in these sectors, although operating to individual remits, work towards the same broad purpose - the creation and maintenance of a safe, just and equitable society.

Our sectors employ nearly three million people across the UK. Skills for Justice works with a wide range of public, private and voluntary organisations, delivering essential public services within: Policing and Law Enforcement, Fire and Rescue, Forensic Science, Offender Management, Courts and Tribunal Services, Prosecution Services and Community Justice. We work with the three Services making up the Armed Forces: British Army, Naval Service (Royal Navy and Royal Marines), and Royal Air Force.

Justice and Community Safety services vary in different parts of the UK. Nevertheless, there are structural elements common to each country. Each nation has a core number of large statutory agencies supported by a significant and growing non-statutory sector, comprising voluntary sector organisations. We have also seen the growth of private sector investment in our footprint of activity, mostly in offender management.

### **Our purpose and priorities**

Our purpose is to help the employers, with which we work, deliver excellent and efficient services as a result of recruiting, developing and retaining a competent workforce, equipped with the skills and expertise they need to meet current and future challenges in work. We do this by:

- using foresight, research and analysis to identify the current and future skills needs of the sector
- setting nationally recognised standards and creating competency frameworks so that sector employees can achieve, maintain and demonstrate competence on an ongoing basis
- devising role profiles and creating qualifications and awards to recognise the attainment of competent practice
- mapping existing education and training provision to identify and plug gaps and inconsistencies so that employers and learners have access to the learning and development provision they need for competence and continued professional development
- making information available to enable policy makers and stakeholders in the skills system to respond to and support employers in advancing the education, training and skills of the workforce.

We exist to support employers, helping their new and existing employees to be the best that they can be at work. We work hard to influence employers, policy makers and the skills system to take appropriate action in support of workforce development in our sectors and we strive to encourage employers and individuals to invest in learning and development to ensure competence and achieve excellence in their performance.

Our key priorities for 2014/15 are:

1. to develop and deliver world class skills based solutions to support a competent and high performing workforce in the Justice, Community Safety, Armed Forces, Government and Financial and Legal Services sectors
2. to develop Skills for Justice still further as a customer-focused and dynamic organisation delivering value-adding solutions
3. to influence UK Governments and Parliaments to take action in support of skills development in our sectors

## **Trustees' Report (incorporating the Strategic Report) (continued)**

**For the year ended 31 March 2014**

4. to influence employers and Governments across the wider world to adopt the standards and workforce development practices we have developed in the UK, to improve their own performance.

### **a. Principal risks and uncertainties**

JSSC achieves its charitable purposes of promoting the sound administration of the law, the enhanced efficacy of the Police, the Armed Forces of the Crown and the Fire and Rescue services, industry and commerce, particularly in the accounting, finance and financial services sector and the efficient administration of government and public service, for the public benefit, through assisting employers with the up-skilling of the workforce in those sectors.

The major risk JSSC faces is reduced funding opportunities. Historically JSSC has received grant funding from UKCES and over the two years (2012-2014) from the UKCES Employer Investment Fund. With the cessation of these funding streams JSSC must look to develop greater funds from its own activities.

Risks are monitored in the Corporate Risk Register. This register lists risks in order of priority, allocating each risk to a member of the senior management team, with action to monitor and mitigate the risk. The trustees keep these risks under regular review and seek to limit them by adopting appropriate financial and operational controls, and by means of a programme of internal audit work, which is agreed with the Audit and Risk Committee.

### **b. Reserves policy**

The board of JSSC has approved that reserves should be maintained equivalent to the operating and salary costs of the organisation for a period of three months. This is intended for use in the event that its funding is withdrawn and would allow JSSC to meet its responsibilities for operating costs and salaries for that period.

### **Achievements and performance**

The year to 31 March 2014 was the tenth year of operation for Skills for Justice and one in which we have continued to adapt and develop the organisation to reflect our new operating environment.

#### ***Financial***

This was the second year of our UKCES Employer Investment Fund (EIF) programme of activity which commenced 1 April 2012. We have been successful in securing European funding to support specific work in Wales and additional funding from UKCES to support specific standards and qualification-related work during the year. Income before donations this year was 27% higher than the previous year however resources expended on charitable activities and commercial trading operations were 52% higher than the previous year; in-year income from FSP activity was significantly below expectations. Facing the resulting deficit, and the continued effect the economic climate has had on our sectors, the organisation restructured at the end of the financial year, reducing the staff numbers to a cost base that more closely matches expected future income. Redundancy costs were recognised within the financial year.

Donations relating to the net assets transferred from FSP following the merger (with effect from 1 April 2013) boosted incoming resources £1,955,567.

The search for new income generating opportunities led the organisation to invest in an international focused skills based organisation, INSSO Ltd. Within the financial year a £120,000 investment was made for a 16% shareholding. The basis of the investment is that it offered new opportunities for income generation by working in close partnership with the INSSO team. Within the year INSSO Ltd was invoiced £84,652 for work done. Recognising that INSSO Ltd is a new business, and taking a prudent view of the value of the Company (and therefore the shareholding purchased), the investment has been fully written down within the financial statements.

## Trustees' Report (incorporating the Strategic Report) (continued)

For the year ended 31 March 2014

To following summary reconciles these points to the Consolidated Statement of Financial Activities:

|   | £            |
|---|--------------|
| Net movement in funds (and surplus of expenditure over income)<br>for the year - from ordinary activities | (1,369,526)  |
| Donations – net assets from merger with FSP   | 1,955,567    |
| Impairment of investment  | (120,000)    |
| Redundancy provision  | (458,987)    |
| Net movement in funds (and surplus of income over expenditure)<br>for the year – reported                 | <u>7,054</u> |

Following the growth of our client base in recent years, and associated investment in our capacity, we have focused on establishing sustainable business relationships with all of our clients, using market intelligence and opinion to refresh our membership and wider service offer. Membership income has declined as a result of reduced workforce numbers within our clients' organisations, nevertheless it remains a key support to these clients. We are therefore reshaping the membership offer and business model so that we can continue to meet client needs and the shifting demands of service delivery within a more complex, diverse and commercial market.

With fewer opportunities of funds to bid into in the year 2014/15 focus moved to developing project income within the charitable activities. Whilst there was a pipeline of proposed work, 2014/15 has proved a challenging year so far, with a significant proportion of the work being cancelled or in some instances deferred. JSSC has been able to use reserves to part fund 2014/15 activities but such reliance is not sustainable. A good deal of research and development has gone into revitalising the strategy of JSSC and the development of a clearer offer.

The business plan for 2015/16 makes a more prudent projection of income and resources will be reduced further to be in line with income. Going forwards the JSSC group will operate with a smaller team with specialist skills, delivering work that makes a strong contribution towards the overall cost base. Work will only be undertaken following a review and confirmation of surplus income over expenditure and the volume of work will be limited; focus will be on delivering work that secures a positive annual outcome without unnecessary stretch.

The Directors believe the plan for 2015/16 will enable JSSC to ensure resources expended are fully covered by income, and presents a sustainable business model.

### *Operational*

We successfully delivered the second and final year of EIF programme of activity towards Vision 2020 for the Justice, Community Safety and Local Government sectors. Recognising the need for change on a scale and at a pace not seen previously, Vision 2020 seeks to address current and future skills needs holistically by focusing on supporting four solutions:

- High performing workplaces
- High performing people
- Working across boundaries
- New employers, new models

The results created and achieved through projects have helped to inform our new service offer through membership to these sectors, and other products and services for our wider client base. The commitment of senior clients and stakeholders in delivering the programme bears out the significance and relevance of the outputs and outcomes within Vision 2020. The highlights cited below are just some of what has been achieved this year, of which some have been jointly supported through EIF, other investment funds and employer matched funds.



## **Trustees' Report (incorporating the Strategic Report) (continued)**

**For the year ended 31 March 2014**

In terms of the recent achievements that form the basis for our service offer and track record of success, we have, in the devolved administrations of the UK, completed a small number of high value projects to meet client challenges around integration, collaboration and major organisational change. As the impact of the UK Government policy on adult education, skills and vocational qualifications has started to be felt in areas such as Apprenticeships, our work in the nations has also continued to respond to the resulting increasing divergence in Government policy. As an example, we were able to secure funds from the Department for Education and Learning in Northern Ireland (DELNI) to pilot the Get In Get On programme to provide virtual work experience for young people in the financial services sector.

In Scotland, we are now building upon the completed first phase of the Policing Professional Framework, a major programme at the heart of Police Scotland's transformation and organisational development. The project provides a high profile example in Scotland of how our web based, user friendly, whole system solutions are able to support businesses, both strategically and operationally, is proving valuable in creating further opportunities. The continuing Government programme of reform and seeking to increase collaboration between, integration of and resilience in public services means that a number of the services developed through the EIF programme can be successfully used in a number of high profile areas.

As a prime example, in 2014/15 we aim to secure with the Scottish Resilience Development Service a 3 year, high value project centred on the use of our Professional Frameworks, accreditation of professional qualifications and selected training and development programmes. We have also begun to embed the intelligence and relationships required to broker long term, large scale EU funded programmes, trading upon the success and experience we have developed through activities in Wales and Northern Ireland.

In Northern Ireland (NI), we successfully completed the programme of work through EIF supporting the creation of an integrated training facility for the Police, Fire and Prison Services by developing a skills analysis and learning design approach and online resource. The resulting methodology and technology are being promoted to a range of clients, particularly blue light services, across other areas of the UK as a valuable solution to the challenges of integration and collaboration.

Having completed a valuable programme of EIF supported work with Local Government around Community Planning in NI we are securing funding to build and develop a web based Framework with broader application supporting the transfer of powers and responsibilities to councils.

In Wales, we successfully completed delivery of a three-year EU funded LIFT programme, to improve the skills of leaders and managers responsible for the delivery of public services. Over 380 participants benefited from this unique programme of collaborative learning within the programme, helping them to respond to the challenges they face as agencies relying upon each other. Building upon this track record we are in the process of completing delivery of four high value EU funded programmes under the Government's Sector Priorities Fund. These have produced research and rationale for a Wales centre for Alternative Dispute Resolution, a legal services talent pipeline based on Apprenticeships, increased accessibility to apprenticeships within the courts and tribunals service, and the first ever recognised Apprenticeship programme for Policing in the UK.

Having developed this track record in Wales we are now focusing efforts in 2014/15 on taking advantage of opportunities in Scotland and other areas. This focus aims to increase the scale and value of EU and other strategic funding for brokered programmes benefitting our sector and the communities they serve whilst ensuring we operate sustainably.

## Trustees' Report (incorporating the Strategic Report) (continued)

For the year ended 31 March 2014

The culmination of our EIF programme in 2013/14 saw the launch of a range of highly practical online solutions that have application across diverse and complex areas of the workforce. National Competence Assessment Frameworks are supporting those managing a volunteering workforce, practitioners in substance misuse settings, and those working to support victims, survivors and witnesses. With broad application across our entire footprint we have also launched a range of programmes that are assisting organisations and individuals who face the challenges of integration, shared services and collaborative working. Our Collaborate programmes for instance, are helping leaders and managers from Policing, Fire and Rescue and Local Government develop personally whilst also devising effective joint solutions to real world issues.

Employers across the Policing and Law Enforcement sector are increasingly looking to benefit from the fundamental role our national standards play in their underpinning systems and approaches to workforce planning, development and quality assurance. As the changes affecting these employers across the UK continue to drive the need for greater and more demonstrable levels of professionalism, our Professional Frameworks, work supporting qualifications, collaborative learning and Apprenticeships are supporting key ambitions within the College of Policing, Police Scotland, PSNI and the new Institute of Policing in Wales. The value and effectiveness of the online, user friendly frameworks has seen the National Crime Agency and other national regulators and employers in this arena commissioning similar solutions.

Our work with Fire and Rescue Services (FRS) saw the successful launch of a new Fire Professional Framework to support individual, organisational and operational competence. Featuring increased functionality and providing opportunities for integration with the results of allied projects in operational guidance and interoperability between the emergency services, we are using our 2014/15 partnership agreement with FRS employers to ensure further developments provide best value and widest benefit at a time when budget cuts have never been greater.

In Offender Management and rehabilitation, the competition in England and Wales to transform services and outcomes for offenders and the public has seen us engaging with a range of new employers and potential partners in anticipation of contracts being awarded by the Government in late 2014. Our position and track record ensure that our services are supporting the existing workforce, those that will remain in the public sector, and also form the basis of our offer to successful bidders. The significance of the change in this market has created opportunities for our other services, including those provided by SFJ Awards, as requirements relating to learning design, qualifications, recruitment and quality assurance have increased and diversified as employers devise different approaches to service design.

With Local Government we achieved our aim of delivering a range of valuable projects through the EIF programme; providing Local Authorities with solutions ranging from assisting with workforce planning to define the future leadership skills requirement, we are now focused on building and delivering a sustainable service offer to support LAs with their reform agenda. This service is being delivered through a core offer in partnership with the LGAs of England, Wales and NI, and complementary services such as a Professional Framework in NI and support in creating effective online learning resources in Wales.

In the Ministry of Justice (MoJ) family of agencies and wider Civil Service we have developed our profile and relationships beyond the confines of traditional membership arrangements. Work with the family of Professions in the Civil Service has resulted in us launching an online Career Mapper for the Operational Delivery Profession, the largest part of the Civil Service comprising over 200,000 employees. This success has caught the attention of others including the NI Civil Service which is seeking a similar solution to meet their specific needs. This work and other further opportunities resulting from our track record will be realised in 2014/15.

## Trustees' Report (incorporating the Strategic Report) (continued)

For the year ended 31 March 2014

The anticipated benefits of the merger with the Financial Skills Partnership included taking advantage of the synergies between Financial and Legal Services has not materialised. We have looked to re-define and re-launch our offer to law firms and others in this market. This offer builds upon our previous role and the profile developed through work to create and launch Apprenticeships, however it also sees us offering a more comprehensive range of workforce planning and related services aimed at supporting employers who seek to respond to the major changes still affecting this market.

The financial services sector continues to be subject to significant change. Skills challenges, include those resulting from new and increased regulation on the banking and insurance sectors, to improve ethical trading and prevent future mis-selling and improved leadership and management, particularly at board level. Workforce challenges include the need to increase the diversity of the future workforce to be more reflective of the general 'banking' public, in particular, attracting, recruiting and developing young people, creating new pathways to appeal to non traditional entrants and improving the numbers of women at senior levels within the industry. During the year we continued to embed the Directions service for major employers and young people. Directions promotes the range of occupations within the sector and specific companies such as HSBC, who pay to advertise their recruitment campaigns. Directions was supported by the 7 major banks and sponsored by a number of stakeholder organisations. We developed Standards for good Board practice with employers and began the promotional campaign for their adoption. We also developed a toolkit of resources to help large and SME firms to cope with new regulatory demands. We further refined a unique programme to help senior women to develop their own performance in work (Through the Glass Ceiling), receiving very positive feedback and strong support from 60 women across the sector who took part. Our Get In Get On, UKCES Growth and Investment Funded (GIF) programme, which provides a virtual work experience to young people across England, moved from development into delivery phase with over 250 young people receiving mentoring and from which 99% of them said made a positive difference to their lives. We also continued to develop the Graduate Foundation College to help unemployed graduates into financial planning occupations. Through many and varied challenges at every turn, the programme failed to deliver as planned but is providing crucial learning for future graduate intern interventions, and by the end of the financial year it had helped just under 200 young people into work, albeit, not all within SMEs or financial services firms.

### **Trustees' Responsibilities Statement**

The trustees (who are also directors of JSSC for the purposes of company law) are responsible for preparing the 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). Under company law the trustees 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 charitable company and the group and of the incoming resources and application of resources, including the Consolidated Statement of Financial Activities, of the charitable group for that period. In preparing these financial statements, the trustees are required to:

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

## Trustees' Report (incorporating the Strategic Report) (continued)

For the year ended 31 March 2014

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable 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 charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees confirm that:

- so far as each trustee is aware, there is no relevant audit information of which the charitable company's auditor is unaware; and
- the trustees have taken all the steps that they ought to have taken as trustees in order to make themselves aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

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

### Going concern

The Directors have reviewed the financial projections for the period to 31 March 2016 and consider that JSSC has adequate resources to continue operating throughout the period and beyond. Further action has been agreed to reduce the cost base of JSSC through a restructure commencing in December 2014. This will ensure a leaner organisation is in place at the commencement of the financial year to March 2016. As well as changes in staffing, operating expenses have been reduced. The offices occupied in London have been vacated to reduce running costs. Whilst there is an outstanding term on this lease, JSSC will look to mitigate any related costs. In September 2015 JSSC will have the opportunity of reducing its floor space occupied in the Sheffield office, which will further reduce facility costs.

The Directors believe that this leaner cost base will be adequately covered by its income projections without the need for aspirational targets. Some of the projected income for 2015/16 for Membership, Projects and Research has already been committed.

A projection of cash flow has been prepared and shows that a robust cash position can be maintained throughout the period to 31 March 2016.

The Directors will continue to monitor the financial affairs of JSSC closely with senior management.

### Provision of information to auditor

Each of the persons who are Trustees at the time when this Trustees' report is approved has confirmed that:

- so far as each Trustee is aware, there is no relevant audit information of which the charitable group's auditor is unaware, and
- that Trustees have taken all the steps that ought to have been taken as Trustees in order to make themselves aware of any relevant information and to establish that the charitable group's auditor is aware of that information.

**JSSC**  
**(A company limited by guarantee)**

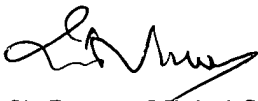
## Trustees' Report (incorporating the Strategic Report) (continued)

For the year ended 31 March 2014

### **Auditors**

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

In approving the Trustees' Report, the Trustees are also approving the Strategic Report in their capacity of Directors.



**Sir Duncan Nichol C.B.E, Chair**  
**Trustee**  
**19 December 2014**



## Independent auditor's report to the members and trustees of JSSC

We have audited the financial statements of JSSC for the year ended 31 March 2014 which comprise the Consolidated Statement of Financial Activities, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Cash Flow Statement, Reconciliation of Net Cash Flow to Movement in Net Funds 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 and trustees, as a body, in accordance with section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and 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 and trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members and trustees as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of trustees and auditor**

As explained more fully in the Trustees' responsibilities statement set out on pages 9 and 10, 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.

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with regulations made under those Acts.

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](http://www.frc.org.uk/auditscopeukprivate).

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 March 2014 and of the group's and the parent charitable company's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).



## Independent auditor's report to the members and trustees of JSSC

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Strategic Report and Trustees' Report for the financial year for which the financial statements are prepared is consistent with the 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 and the Charities Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

- the parent charitable company has not kept proper and adequate accounting records or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company's financial statements are not in agreement with the accounting records or 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.

*Grant Thornton UK LLP*

Peter Edwards  
Senior Statutory Auditor  
for and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
SHEFFIELD  
19 December 2014

Grant Thornton UK LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

## Consolidated Statement of Financial Activities

(Incorporating Income and Expenditure Account)

For the year ended 31 March 2014

|  | Note | Unrestricted<br>funds<br>2014<br>£ | Restricted<br>funds<br>2014<br>£ | Total<br>funds<br>2014<br>£ | Total<br>funds<br>2013<br>£ |
|--|------|------------------------------------|----------------------------------|-----------------------------|-----------------------------|
| <b>Incoming resources</b>  |      |                                    |                                  |                             |                             |
| Incoming resources from generated funds:   |      |                                    |                                  |                             |                             |
| Donations  | 2    | -                                  | 1,955,567                        | 1,955,567                   | -                           |
| Activities for generating funds  |      | 845,328                            | -                                | 845,328                     | 435,071                     |
| Investment income  | 3    | 23,962                             | -                                | 23,962                      | 25,901                      |
| Incoming resources from charitable activities                                      | 4    | 1,451,120                          | 5,263,179                        | 6,714,299                   | 5,212,683                   |
| Total share of gross incoming resources from joint venture                         |      | (398,295)                          | -                                | (398,295)                   | -                           |
|  |      | <u>1,922,115</u>                   | <u>7,218,746</u>                 | <u>9,140,861</u>            | <u>5,673,655</u>            |
| <b>Resources expended</b>  |      |                                    |                                  |                             |                             |
| Charitable activities  | 6    | 969,239                            | 6,800,303                        | 7,769,542                   | 4,979,445                   |
| Commercial trading operations  | 6    | 707,504                            | -                                | 707,504                     | 596,544                     |
| Governance costs   | 6    | 77,770                             | -                                | 77,770                      | 69,618                      |
| Other resources expended   | 6    | 578,987                            | -                                | 578,987                     | -                           |
| <b>Total resources expended</b>  | 6    | <u>2,333,500</u>                   | <u>6,800,303</u>                 | <u>9,133,803</u>            | <u>5,645,607</u>            |
| <b>Net incoming resources before interest in joint venture</b>                     |      | (411,385)                          | 418,443                          | 7,058                       | 28,048                      |
| Net interest in the results of the joint venture for the year                      |      | (4)                                | -                                | (4)                         | -                           |
| <b>Net incoming resources before transfers</b>                                     |      | (411,389)                          | 418,443                          | 7,054                       | 28,048                      |
| Transfer between funds   | 17   | 890                                | (890)                            | -                           | -                           |
| <b>Net movement in funds (and surplus of income over expenditure) for the year</b> |      | (410,499)                          | 417,553                          | 7,054                       | 28,048                      |
| Total funds at 1 April 2013  |      | <u>2,433,075</u>                   | <u>96,467</u>                    | <u>2,529,542</u>            | <u>2,501,494</u>            |
| <b>Total funds at 31 March 2014</b>  | 17   | <u>2,022,576</u>                   | <u>514,020</u>                   | <u>2,536,596</u>            | <u>2,529,542</u>            |

All activities relate to continuing operations.

The Statement of Financial Activities includes all gains and losses recognised in the year.

The notes on pages 18 to 33 form part of these financial statements.



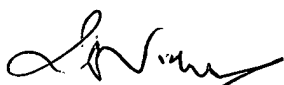
**JSSC**  
**(A company limited by guarantee)**  
**Registered number: 04826715**

## Consolidated Balance Sheet

As at 31 March 2014

|   | Note  | £                  | 2014<br>£        | £                  | 2013<br>£        |
|---|-------|--------------------|------------------|--------------------|------------------|
| <b>Fixed assets</b>                                   |       |                    |                  |                    |                  |
| Tangible assets                                       | 11    |                    | 122,430          |                    | 162,714          |
| Investments   | 12    |                    | 3                |                    | 2                |
|   |       |                    | <u>122,433</u>   |                    | <u>162,716</u>   |
| <b>Joint Venture</b>                                  |       |                    |                  |                    |                  |
| Share of gross assets                                 |       |                    | 61,253           |                    | -                |
| Share of gross liabilities                            |       |                    | <u>(61,257)</u>  |                    | <u>-</u>         |
|   |       |                    | <u>(4)</u>       |                    | <u>-</u>         |
| <b>Current assets</b>                                 |       |                    |                  |                    |                  |
| Debtors   | 14    | 1,422,926          |                  | 1,067,137          |                  |
| Cash at bank and in hand                              |       | <u>2,809,127</u>   |                  | <u>2,464,841</u>   |                  |
|   |       | 4,232,053          |                  | 3,531,978          |                  |
| <b>Creditors: amounts falling due within one year</b> | 15    | <u>(1,222,734)</u> |                  | <u>(1,165,152)</u> |                  |
| <b>Net current assets</b>                             |       |                    | 3,009,319        |                    | 2,366,826        |
| Provisions for liabilities                            | 16    |                    | <u>(595,152)</u> |                    | <u>-</u>         |
| <b>Net assets</b>                                     |       |                    | <u>2,536,596</u> |                    | <u>2,529,542</u> |
| <b>Charity Funds</b>                                  |       |                    |                  |                    |                  |
| Restricted funds                                      |       |                    | 514,020          |                    | 96,467           |
| Unrestricted funds                                    |       |                    | <u>2,022,576</u> |                    | <u>2,433,075</u> |
| <b>Total funds</b>                                    | 17/18 |                    | <u>2,536,596</u> |                    | <u>2,529,542</u> |

The financial statements were approved by the Trustees on 19 December 2014 and signed on their behalf, by:



**Sir Duncan Nichol C.B.E., Chair**

The notes on pages 18 to 33 form part of these financial statements.

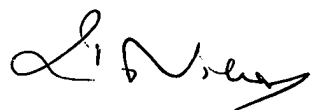
**JSSC**  
**(A company limited by guarantee)**  
**Registered number: 04826715**

## Company Balance Sheet

As at 31 March 2014

|   | Note | £                  | 2014<br>£        | £                  | 2013<br>£        |
|---|------|--------------------|------------------|--------------------|------------------|
| <b>Fixed assets</b>                                   |      |                    |                  |                    |                  |
| Tangible assets                                       | 11   |                    | 122,430          |                    | 162,714          |
| Investments   | 12   |                    | <u>4</u>         |                    | <u>3</u>         |
|   |      |                    | 122,434          |                    | 162,717          |
| <b>Current assets</b>                                 |      |                    |                  |                    |                  |
| Debtors   | 14   | 1,648,324          |                  | 1,205,605          |                  |
| Cash at bank and in hand                              |      | <u>2,690,048</u>   |                  | <u>2,407,954</u>   |                  |
|   |      | 4,338,372          |                  | 3,613,559          |                  |
| <b>Creditors: amounts falling due within one year</b> | 15   | <u>(1,086,874)</u> |                  | <u>(1,040,261)</u> |                  |
| <b>Net current assets</b>                             |      |                    | 3,251,498        |                    | 2,573,298        |
| Provisions for liabilities                            | 16   |                    | <u>(595,152)</u> |                    | <u>-</u>         |
| <b>Net assets</b>                                     |      |                    | <u>2,778,780</u> |                    | <u>2,736,015</u> |
| <b>Charity Funds</b>                                  |      |                    |                  |                    |                  |
| Restricted funds                                      |      |                    | 514,020          |                    | 96,467           |
| Unrestricted funds                                    |      |                    | <u>2,264,760</u> |                    | <u>2,639,548</u> |
| <b>Total funds</b>                                    |      |                    | <u>2,778,780</u> |                    | <u>2,736,015</u> |

The financial statements were approved by the Trustees on 19 December 2014 and signed on their behalf, by:



**Sir Duncan Nichol C.B.E, Chair**

The notes on pages 18 to 33 form part of these financial statements.

**JSSC**  
(A company limited by guarantee)

## Consolidated Cash Flow Statement

For the year ended 31 March 2014

|   | Note | 2014<br>£             | 2013<br>£               |
|---|------|-----------------------|-------------------------|
| Net cash flow from operating activities         | 19   | (1,579,284)           | (364,147)               |
| Returns on investments and servicing of finance | 20   | 23,962                | 25,901                  |
| Capital expenditure and financial investment    | 20   | (149,072)             | (179,537)               |
| Net cash flow from merger                       |      | <u>2,055,713</u>      | <u>-</u>                |
| <b>Increase/(decrease) in cash in the year</b>  |      | <u><b>351,319</b></u> | <u><b>(517,783)</b></u> |

## Reconciliation of Net Cash Flow to Movement in Net Cash

For the year ended 31 March 2014

|   | Note | 2014<br>£               | 2013<br>£               |
|---|------|-------------------------|-------------------------|
| Increase/(decrease) in cash in the year |      | <u>351,319</u>          | <u>(517,783)</u>        |
| <b>Movement in net cash in the year</b> |      | <u><b>351,319</b></u>   | <u><b>(517,783)</b></u> |
| Net cash at 1 April 2013                |      | <u>2,457,808</u>        | <u>2,975,591</u>        |
| <b>Net cash at 31 March 2014</b>        | 20   | <u><b>2,809,127</b></u> | <u><b>2,457,808</b></u> |

The notes on pages 18 to 33 form part of these financial statements.

# Notes to the Financial Statements

For the year ended 31 March 2014

## **1. Accounting Policies**

### **1.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value. The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP), 'Accounting and Reporting by Charities' published in March 2005, applicable accounting standards and the Companies Act 2006.

The Statement of financial activities (SOFA) and Balance sheet consolidate the financial statements of the company and its subsidiary undertaking. The results of the subsidiary are consolidated on a line by line basis.

The principle accounting policies remain unchanged from the previous year.

### **1.2 Going concern**

The Directors have reviewed the financial projections for the year to 31 March 2016 and consider that JSSC has adequate resources to continue operating throughout the period and beyond. Further action has been agreed to reduce the cost base of JSSC through a restructure commencing in December 2014. This will ensure a leaner organisation is in place at the commencement of the financial year to March 2016. As well as changes in staffing, operating expenses have been reduced. The offices occupied in London have been vacated to reduce running costs. Whilst there is an outstanding term on this lease, JSSC will look to mitigate any related costs. In September 2015 JSSC will have the opportunity of reducing its floor space occupied in the Sheffield office, which will further reduce facility costs.

The Directors believe that this leaner cost base will be adequately covered by its income projections without the need for aspirational targets. Some of the projected income for 2015/16 for Membership, Projects and Research has already been committed.

A projection of cash flow has been prepared and shows that a robust cash position can be maintained throughout the period to 31 March 2016.

The Directors will continue to monitor the financial affairs of JSSC closely with senior management.

### **1.3 Company status**

The company is a company limited by guarantee. The members of the company are the Trustees named on page 1. In the event of the company being wound up, the liability in respect of the guarantee is limited to £1 per member of the company.

### **1.4 Grants**

Where grants are received for general funding purposes they are recognised over the life of the relevant contract. For time defined projects, income is recognised over the time period to which it relates. Where specific milestones are required to be met, income is recognised once these have been agreed as achieved.

### **1.5 Sector funding**

Sector funding is recognised on receipt unless the donor specifies a particular time period.

# Notes to the Financial Statements

For the year ended 31 March 2014

## **1. Accounting Policies (continued)**

### **1.6 Commercial activities**

Income from commercial activities is recognised in the period in which it is invoiced.

### **1.7 Fund accounting**

Unrestricted funds are donations and other incoming resources received or generated for expenditure on the general objectives of the charitable company.

Designated funds are unrestricted funds which have been designated for specific purposes by the Trustees.

Restricted funds are funds to be used for specified purposes laid down by the donor. Expenditure for those purposes is charged to the fund, together with a fair allocation of overheads and support costs.

### **1.8 Incoming resources**

All incoming resources are included in the Statement of financial activities when the company is legally entitled to the income and the amount can be quantified with reasonable accuracy.

Gifts in kind donated for distribution are included at valuation and recognised as income when they are distributed to the projects. Gifts donated for resale are included as income when they are sold. Donated facilities are included at the value to the company where this can be quantified and a third party is bearing the cost. No amounts are included in the financial statements for services donated by volunteers.

Donated services or facilities, which comprise donated services, are included in income at a valuation which is an estimate of the financial cost borne by the donor where such a cost is quantifiable and measurable. No income is recognised where there is no financial cost borne by a third party.

Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Income tax recoverable in relation to investment income is recognised at the time the investment income is receivable.

### **1.9 Resources expended**

Expenditure, which is charged on an accruals basis, is allocated between:

- expenditure incurred directly to the fulfillment of the charity's objectives (direct charitable);
- expenditure incurred directly in the effort to raise contributions (fundraising and publicity);
- expenditure incurred in the governance of the charity, including external audit costs; and
- expenditure incurred in relation to commercial activities.

## Notes to the Financial Statements

For the year ended 31 March 2014

### **1. Accounting Policies (continued)**

#### **1.10 Basis of consolidation**

The financial statements consolidate the accounts of JSSC and all of its subsidiary undertakings ('subsidiaries').

The company has taken advantage of the exemption contained within 408 of the Companies Act 2006 not to present its own Income and Expenditure account.

Interests in associates and joint ventures are accounted for under the equity method.

Associates are entities over which the group has significant influence but not control, generally accompanied by a share of between 20% and 50% of the voting rights.

#### **1.11 Tangible fixed assets and depreciation**

All assets costing more than £200 are capitalised.

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

|                        |   |                         |
|------------------------|---|-------------------------|
| Leasehold Developments | - | over terms of the lease |
| Fixtures & fittings    | - | 20% straight line       |
| Office equipment       | - | 33% straight line       |

#### **1.12 Investments**

Under SORP 2005 investments are required to be held at market value. As investments include unlisted companies and the market value cannot be readily obtained the Trustees have chosen to leave the value of investments at cost as they do not consider the market value to be significantly different.

- (i) **Subsidiary undertakings**  
Investments in subsidiaries are valued at cost less provision for impairment.
- (ii) **Associated undertakings**  
Investments in associates are stated at the amount of the company's share of net assets. The Statement of financial activities includes the company's share of the associated companies' profits after taxation using the equity accounting basis.
- (iii) **Impairment reviews**  
Impairment reviews are carried out wherever there is an indication that the carrying value of an investment may not be supportable.

# Notes to the Financial Statements

For the year ended 31 March 2014

## **1. Accounting Policies (continued)**

### **1.13 Leasing and hire purchase**

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and depreciated over their expected useful lives. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the income and expenditure account over the period of the lease.

All other leases are regarded as operating leases and the payments made under them are charged to the income and expenditure account on a straight line basis over the lease term.

### **1.14 Taxation**

The company is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the company is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

### **1.15 Pensions**

The company operates a defined contribution pension scheme and the pension costs charged in the year represent the amount of the contributions payable to the schemes in respect of the accounting period.

### **1.16 Financial instruments**

Where the contractual obligations of financial instruments are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Financial costs and gains or losses relating to financial liabilities are included in the statements of financial activities. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

### **1.17 Provisions**

A provision is recognised when the group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

# Notes to the Financial Statements

For the year ended 31 March 2014

## 2. Donations

|              | Unrestricted<br>funds<br>£ | Restricted<br>funds<br>£ | Total<br>funds<br>2014<br>£ | Total<br>funds<br>2013<br>£ |
|--------------|----------------------------|--------------------------|-----------------------------|-----------------------------|
| FSP donation | -                          | 1,955,567                | 1,955,567                   | -                           |

The Board resolved that JSSC should merge with Financial Skills Partnership (registered Company number 05062317) and a charity registered in England and Wales (charity number 1140358) (FSP) with effect from 1 April 2013. FSP was the Sector Skills Council covering the financial, accounting and financial services sectors. As a result of the merger, all assets and liabilities of FSP were transferred to JSSC with effect from 1 April 2013. JSSC adopted new Articles of Association incorporating wider "objects", changing the composition and size of the Board and providing for a different Committee structure. FSP is no longer trading or undertaking activities in its own right and will be delisted at Companies House and de-registered as a charity in due course. The membership of JSSC had in January 2013 resolved to disband the Council of Members and this decision was reflected in the new structure.

## 3. Investment income

|                   | Unrestricted<br>funds<br>£ | Restricted<br>funds<br>£ | Total<br>funds<br>2014<br>£ | Total<br>funds<br>2013<br>£ |
|-------------------|----------------------------|--------------------------|-----------------------------|-----------------------------|
| Investment income | 32,494                     | -                        | 32,494                      | 25,901                      |
| Interest payable  | (8,532)                    | -                        | (8,532)                     | -                           |
|                   | 23,962                     | -                        | 23,962                      | 25,901                      |

## 4. Incoming resources from charitable activities

|   | Unrestricted<br>funds<br>£ | Restricted<br>funds<br>£ | Total<br>funds<br>2014<br>£ | Total<br>funds<br>2013<br>£ |
|---|----------------------------|--------------------------|-----------------------------|-----------------------------|
| Total project income                      | -                          | 5,263,179                | 5,263,179                   | 4,158,651                   |
| Subscriptions                             | 1,033,533                  | -                        | 1,033,533                   | 1,053,897                   |
| Income from joint ventures                | 398,295                    | -                        | 398,295                     | -                           |
| Sponsorship, conferences and other income | 19,292                     | -                        | 19,292                      | 135                         |
|   | 1,451,120                  | 5,263,179                | 6,714,299                   | 5,212,683                   |



# Notes to the Financial Statements

For the year ended 31 March 2014

## 5. Charitable company results

The charitable company has taken advantage of section 408 of the Companies Act 2006 and has not included its own income and expenditure account in these financial statements. The results of JSSC are summarised below:

|                          | 2014<br>£          | 2013<br>£          |
|--------------------------|--------------------|--------------------|
| Total incoming resources | 8,349,065          | 5,283,584          |
| Total resources expended | <u>(8,306,300)</u> | <u>(5,049,064)</u> |
| Net movement in funds    | 42,765             | 234,520            |
| <b>Total funds</b>       |                    |                    |
| At 1 April 2013          | 2,736,015          | 2,501,495          |
| At 31 March 2014         | <u>2,778,780</u>   | <u>2,736,015</u>   |

Included in the above incoming resources is £45,000 (2013: £45,000) relating to managerial charges and £nil (2013: £nil) relating to gift aid payments from Skills for Justice (Enterprises) Limited.

## Notes to the Financial Statements

For the year ended 31 March 2014

### 6. Total resources expended

|                                | Membership | EIF       | Commercial<br>Subsidiary | Project<br>Costs | FSP       | 2014      | 2013      |
|--------------------------------|------------|-----------|--------------------------|------------------|-----------|-----------|-----------|
|                                | £          | £         | £                        | £                | £         | £         | £         |
| <b>Direct costs</b>            |            |           |                          |                  |           |           |           |
| Direct costs                   | 15,555     | 201,428   | 237,105                  | 609,574          | 473,490   | 1,537,152 | 1,024,861 |
| Wages and salaries             | 565,212    | 1,295,100 | 340,078                  | 897,637          | 616,623   | 3,714,650 | 2,184,850 |
| Sub total                      | 580,767    | 1,496,528 | 577,183                  | 1,507,211        | 1,090,113 | 5,251,802 | 3,209,711 |
| <b>Support costs</b>           |            |           |                          |                  |           |           |           |
| Wages and salaries             | 73,820     | 478,034   | 99,213                   | 403,127          | 546,538   | 1,600,732 | 1,312,797 |
| Other staff costs              | 19,078     | 42,826    | 7,900                    | 29,294           | 18,827    | 117,925   | -         |
| Premises and building services | 66,196     | 117,114   | -                        | 66,088           | 93,534    | 342,932   | 249,110   |
| Office services                | 5,193      | 9,188     | -                        | 5,185            | 16,958    | 36,524    | 22,040    |
| IT and communications          | 25,593     | 45,280    | 2,362                    | 25,552           | 75,863    | 174,650   | 129,716   |
| Marketing                      | 10,219     | 18,080    | -                        | 10,203           | 91,452    | 129,954   | 18,124    |
| Print, post and stationery     | 6,461      | 11,431    | -                        | 6,451            | 13,740    | 38,083    | 35,375    |
| Conferencing                   | 2,107      | 9,217     | -                        | 2,103            | 11,331    | 24,758    | 32,076    |
| Travel and subsistence         | 85,737     | 38,636    | 3,150                    | 85,598           | 50,027    | 263,148   | 288,625   |
| Professional fees              | 23,418     | 38,508    | 5,158                    | 23,380           | 100,372   | 190,836   | 169,080   |
| Miscellaneous overheads        | 7,798      | 5,651     | 139                      | 6,936            | 1,886     | 22,410    | 22,583    |
| Insurance                      | 6,107      | 10,804    | -                        | 6,097            | 6,944     | 29,952    | 19,628    |
| Alliance costs                 | -          | -         | -                        | -                | -         | -         | 7,500     |
| Depreciation                   | 20,216     | 33,720    | -                        | 19,028           | 8,617     | 81,581    | 59,624    |
| Non recoverable VAT            | 31,630     | -         | 12,283                   | 61,933           | 60,898    | 166,744   | -         |
| Bank charges and interest      | 4,899      | -         | 116                      | -                | -         | 5,015     | -         |
| Total carried forward          | 969,239    | 2,355,017 | 707,504                  | 2,258,186        | 2,187,100 | 8,477,046 | 5,575,989 |

# Notes to the Financial Statements

For the year ended 31 March 2014

## 6. Total resources expended (continued)

|  | 2014<br>£               | 2013<br>£               |
|--|-------------------------|-------------------------|
| Subtotal of other resources expended brought forward | <u>8,477,046</u>        | <u>5,575,989</u>        |
| <b>Governance costs</b>                              |                         |                         |
| Wages and salaries                                   | 24,480                  | 24,480                  |
| Conferencing   | 6,202                   | 2,882                   |
| Travel and subsistence                               | 10,611                  | 9,630                   |
| Professional fees                                    | 32,960                  | 30,900                  |
| Bank charges and interest                            | 3,517                   | 1,726                   |
| Total governance costs                               | <u>77,770</u>           | <u>69,618</u>           |
| Impairment of investment                             | 120,000                 | -                       |
| Redundancy   | 458,987                 | -                       |
|  | <u>578,987</u>          | <u>-</u>                |
| Total  | <u><u>9,133,803</u></u> | <u><u>5,645,607</u></u> |

## 7. Net incoming resources / (resources expended)

This is stated after charging:

|  | 2014<br>£     | 2013<br>£     |
|--|---------------|---------------|
| Depreciation of tangible fixed assets:       |               |               |
| - owned by the charitable group              | 81,581        | 59,623        |
| Auditor's remuneration                       | 15,440        | 14,100        |
| Auditor's remuneration – non audit           | 7,300         | 6,900         |
| Operating lease rentals – land and buildings | 157,320       | 136,496       |
| Operating lease rentals – other              | <u>42,354</u> | <u>40,378</u> |

# Notes to the Financial Statements

For the year ended 31 March 2014

## 8. Staff costs

Staff costs were as follows:

|                       | 2014<br>£        | 2013<br>£        |
|-----------------------|------------------|------------------|
| Wages and salaries    | 4,476,829        | 2,873,437        |
| Social security costs | 489,100          | 295,690          |
| Other pension costs   | 373,934          | 229,810          |
| Other staff costs     | 117,925          | 123,190          |
|                       | <u>5,457,788</u> | <u>3,522,127</u> |

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

|                              | 2014<br>No.<br>£ | 2013<br>No.<br>£ |
|------------------------------|------------------|------------------|
| Chair                        | 1                | 1                |
| Chief Executive              | 1                | 1                |
| Financial and administration | 108              | 69               |
|                              | <u>110</u>       | <u>71</u>        |

The number of higher paid employees was:

|                                 | 2014<br>No.<br>£ | 2013<br>No.<br>£ |
|---------------------------------|------------------|------------------|
| In the band £80,001 - £90,000   | 2                | 3                |
| In the band £90,001 - £100,000  | 1                | -                |
| In the band £100,001 - £200,000 | 5                | 2                |
|                                 | <u>8</u>         | <u>5</u>         |

## 9. Trustees' remuneration

|            | 2014<br>£     | 2013<br>£     |
|------------|---------------|---------------|
| Emoluments | <u>24,480</u> | <u>24,480</u> |

Trustees' remuneration is disclosed within Governance costs as shown within note 6.

Other than stated above, no trustees received any remuneration during the year. Travel costs amounting to £11,422 (2013: £3,918) were attributable to 9 (2013: 3) members of the Board of Trustees.

No trustee or other person related to the charity had any personal interest in any contract or transaction entered into by the charity during the year.

## Notes to the Financial Statements

For the year ended 31 March 2014

### 10. Taxation

|  | 2014<br>£ | 2013<br>£ |
|--|-----------|-----------|
| Adjustments in respect of prior periods              | -         | -         |
| <b>Tax on surplus/deficit on ordinary activities</b> | -         | -         |

#### Factors affecting tax charge for the year

The tax assessed for the year is lower than (2013 - lower than) the standard rate of corporation tax in the UK of 20% (2013 - 20%). The differences are explained below:

|   | 2014<br>£ | 2013<br>£ |
|---|-----------|-----------|
| Surplus/deficit on ordinary activities before tax   | -         | -         |
| Surplus/deficit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2013 – 20%) | -         | -         |
| <b>Effects of:</b>  |           |           |
| Adjustments to tax charge in respect of prior periods   | -         | -         |
| <b>Current tax charge for the year</b> (see note above)   | -         | -         |

# Notes to the Financial Statements

For the year ended 31 March 2014

## 11. Tangible fixed assets

| Group and company     | Long term<br>Leasehold<br>Property<br>£ | Fixtures &<br>fittings<br>£ | Office<br>equipment<br>£ | Total<br>£ |
|-----------------------|---|-----------------------------|--------------------------|------------|
| <b>Cost</b>           |   |                             |                          |            |
| At 1 April 2013       | 149,072                                 | 36,558                      | 392,424                  | 578,054    |
| Additions             | 1,824                                   | 3,004                       | 24,243                   | 29,071     |
| Additions on merger   | -                                       | -                           | 12,226                   | 12,226     |
| Disposals             | -                                       | (32,540)                    | (332,746)                | (365,286)  |
| At 31 March 2014      | 150,896                                 | 7,022                       | 96,147                   | 254,065    |
| <b>Depreciation</b>   |   |                             |                          |            |
| At 1 April 2013       | 24,501                                  | 34,493                      | 356,346                  | 415,340    |
| Charge for the year   | 52,108                                  | 1,642                       | 27,831                   | 81,581     |
| On disposals          | -                                       | (32,540)                    | (332,746)                | (365,286)  |
| At 31 March 2014      | 76,609                                  | 3,595                       | 51,431                   | 131,635    |
| <b>Net book value</b> |   |                             |                          |            |
| At 31 March 2014      | 74,287                                  | 3,427                       | 44,716                   | 122,430    |
| At 31 March 2013      | 124,571                                 | 2,065                       | 36,078                   | 162,714    |

Additions on acquisition relate to the net book value of assets transferred to JSSC as part of the merger with Financial Skills Partnership.

## 12. Fixed asset investments

| Group                 | Investments in<br>participating<br>interests<br>£ |
|-----------------------|---|
| <b>Cost</b>           |   |
| At 1 April 2013       | 2   |
| Additions             | 120,001   |
| At 31 March 2014      | 120,003   |
| <b>Impairment</b>     |   |
| At 1 April 2013       | -   |
| Impairment            | 120,000   |
| At 31 March 2014      | 120,000   |
| <b>Net book value</b> |   |
| At 31 March 2014      | 3   |
| At 31 March 2013      | 2   |

The work of Skills for Justice (Enterprises) Ltd ("Enterprises") and INSSO are viewed as complimentary so Enterprises increased their shareholding in INSSO to 16% on 28 February 2014. The Trustees believed that this was a sound investment that enabled Enterprise to continue developing its reputation in delivering international projects, but due to difficulty in accurately assessing the future economic benefit from the investment the trustees have decided that it is prudent to write off the investment in the accounts.

# Notes to the Financial Statements

For the year ended 31 March 2014

## 12. Fixed asset investments (continued)

| Company             | Share in<br>group<br>undertakings<br>£ | Investments in<br>joint<br>venture<br>£ | Total<br>£ |
|---------------------|--|---|------------|
| <b>Market value</b> |  |   |            |
| At 1 April 2013     | 1                                      | 2                                       | 3          |
| Addition            | -                                      | 1                                       | 1          |
| At 31 March 2014    | <u>1</u>                               | <u>3</u>                                | <u>4</u>   |

## 13. Principal subsidiaries and associates

### a. Principal subsidiaries

| Company name                             | Country           | Percentage<br>Shareholding | Description                                       |
|--|-------------------|----------------------------|---|
| Skills for Justice (Enterprises) Limited | England and Wales | 100%                       | Administrative services for training applications |

### b. Principal joint venture

| Company name             | Country           | Percentage<br>Shareholding | Description                          |
|--------------------------|-------------------|----------------------------|--------------------------------------|
| Universal Skills Limited | England and Wales | 50%                        | Administration of Charitable funding |

Following the merger with FSP on 1 April 2013, the shareholding in Universal Skills Limited has increased from 33% to 50%.

## 14. Debtors

|                                    | Group            |                  | Company          |                  |
|------------------------------------|------------------|------------------|------------------|------------------|
|                                    | 2014             | 2013             | 2014             | 2013             |
|                                    | £                | £                | £                | £                |
| Trade debtors                      | 540,501          | 146,301          | 412,666          | 2,083            |
| Amounts owed by group undertakings | -                | -                | 389,155          | 284,933          |
| Other debtors                      | 2,401            | -                | 2,401            | -                |
| Prepayments and accrued income     | 880,024          | 447,369          | 844,102          | 445,122          |
| Grants Receivable                  | -                | 473,467          | -                | 473,467          |
|                                    | <u>1,422,926</u> | <u>1,067,137</u> | <u>1,648,324</u> | <u>1,205,605</u> |

Amounts owed by group undertakings includes a loan of £150,000 made to Skills for Justice (Enterprises) Limited during the year.

## Notes to the Financial Statements

For the year ended 31 March 2014

### 15. Creditors:

Amounts falling due within one year

|                                 | Group            |                  | Company          |                  |
|---------------------------------|------------------|------------------|------------------|------------------|
|                                 | 2014             | 2013             | 2014             | 2013             |
|                                 | £                | £                | £                | £                |
| Bank loans and overdrafts       | -                | 7,033            | -                | 7,033            |
| Trade creditors                 | 316,804          | 264,318          | 292,649          | 245,618          |
| Social security and other taxes | 243,227          | 114,072          | 193,912          | 93,527           |
| Other creditors                 | 49,203           | 59,936           | 48,854           | 59,570           |
| Accruals and deferred income    | 613,500          | 719,793          | 551,459          | 634,513          |
|                                 | <u>1,222,734</u> | <u>1,165,152</u> | <u>1,086,874</u> | <u>1,040,261</u> |

### 16 Provisions

|                          | Redundancy<br>provision | Dilapidation<br>provision | Total          |
|--------------------------|-------------------------|---------------------------|----------------|
|                          | £                       | £                         | £              |
| <b>Group and company</b> |                         |                           |                |
| At 1 April 2013          | -                       | -                         | -              |
| Provided in the year     | 458,987                 | 136,165                   | 595,152        |
| At 31 March 2014         | <u>458,987</u>          | <u>136,165</u>            | <u>595,152</u> |

The dilapidations provision is the best estimate of the expenditure expected to be incurred by the group in order to satisfy its obligations to restore leasehold premises to the condition required under the lease agreements at the end of the lease.

The redundancy provision is expenditure incurred at the start of the 2015 financial year for which a constructive obligation existed at the year end.

### 17. Statement of funds

|                              | Brought<br>Forward | Incoming<br>resources | Resources<br>Expended | Transfers<br>in/(out) | Carried<br>Forward |
|------------------------------|--------------------|-----------------------|-----------------------|-----------------------|--------------------|
|                              | £                  | £                     | £                     | £                     | £                  |
| <b>Unrestricted funds</b>    |                    |                       |                       |                       |                    |
| General Funds – all funds    | 2,433,053          | 1,922,115             | (2,333,504)           | 890                   | 2,022,554          |
| Other General funds          | 22                 | -                     | -                     | -                     | 22                 |
|                              | <u>2,433,075</u>   | <u>1,922,115</u>      | <u>(2,333,504)</u>    | <u>890</u>            | <u>2,022,576</u>   |
| <b>Restricted funds</b>      |                    |                       |                       |                       |                    |
| Restricted Funds – all funds | 96,467             | 7,218,746             | (6,800,303)           | (890)                 | 514,020            |
| Total of funds               | <u>2,529,542</u>   | <u>9,140,861</u>      | <u>(9,133,807)</u>    | <u>-</u>              | <u>2,536,596</u>   |



# Notes to the Financial Statements

For the year ended 31 March 2014

## 17. Statement of funds (continued)

### Summary of funds

|                  | Brought<br>Forward<br>£ | Incoming<br>resources<br>£ | Resources<br>Expended<br>£ | Transfers<br>in/(out)<br>£ | Carried<br>Forward<br>£ |
|------------------|-------------------------|----------------------------|----------------------------|----------------------------|-------------------------|
| General funds    | 2,433,075               | 1,922,115                  | (2,333,504)                | 890                        | 2,022,576               |
| Restricted funds | 96,467                  | 7,218,746                  | (6,800,303)                | (890)                      | 514,020                 |
|                  | <u>2,529,542</u>        | <u>9,140,861</u>           | <u>(9,133,807)</u>         | <u>-</u>                   | <u>2,536,596</u>        |

## 18. Analysis of net assets between funds

|  | Unrestricted<br>funds<br>2014<br>£ | Restricted<br>funds<br>2014<br>£ | Total<br>funds<br>2014<br>£ | Total<br>funds<br>2013<br>£ |
|--|------------------------------------|----------------------------------|-----------------------------|-----------------------------|
| Tangible fixed assets                  | 104,302                            | 18,128                           | 122,430                     | 162,714                     |
| Fixed asset investments                | 3                                  | -                                | 3                           | 2                           |
| Joint venture – share of assets        | (4)                                | -                                | (4)                         | -                           |
| Current assets                         | 3,205,103                          | 1,026,950                        | 4,232,053                   | 3,531,978                   |
| Creditors due within one year          | (921,941)                          | (300,793)                        | (1,222,734)                 | (1,165,152)                 |
| Provisions for liabilities and charges | (364,887)                          | (230,265)                        | (595,152)                   | -                           |
|  | <u>2,022,576</u>                   | <u>514,020</u>                   | <u>2,536,596</u>            | <u>2,529,542</u>            |

## 19. Net cash flow from operations

|   | 2014<br>£          | 2013<br>£        |
|---|--------------------|------------------|
| Net incoming resources                          | 7,054              | 28,048           |
| Donation on merger                              | (1,955,567)        | -                |
| Share of profits of joint venture               | 4                  | -                |
| Returns on investments and servicing of finance | (23,962)           | (25,901)         |
| Depreciation of tangible fixed assets           | 81,581             | 59,623           |
| Impairment of investments                       | 120,000            | -                |
| Increase in debtors                             | 191,214            | (697,129)        |
| Increase in creditors                           | (594,760)          | 271,212          |
| Increase in provisions                          | 595,152            | -                |
|   | <u>(1,579,284)</u> | <u>(364,147)</u> |

## Notes to the Financial Statements

For the year ended 31 March 2014

### 20. Analysis of cash flows for headings netted in cash flow statement

|  | 2014<br>£        | 2013<br>£        |
|--|------------------|------------------|
| <b>Returns on investments and servicing of finance</b> |                  |                  |
| Interest received                                      | <u>23,962</u>    | <u>25,901</u>    |
|  | 2014<br>£        | 2013<br>£        |
| <b>Capital expenditure and financial investment</b>    |                  |                  |
| Purchase of tangible fixed assets                      | (29,071)         | (179,537)        |
| Purchase of investments                                | <u>(120,001)</u> | <u>-</u>         |
|  | <u>(149,072)</u> | <u>(179,537)</u> |

|                             | At 1 April<br>2013<br>£ | Cash flow<br>£ | At 31 March<br>2014<br>£ |
|-----------------------------|-------------------------|----------------|--------------------------|
| <b>Analysis of net cash</b> |                         |                |                          |
| Cash in hand, at bank       | 2,464,841               | 344,286        | 2,809,127                |
| Overdrafts                  | <u>(7,033)</u>          | <u>7,033</u>   | <u>-</u>                 |
| <b>Net cash</b>             | <u>2,457,808</u>        | <u>351,319</u> | <u>2,809,127</u>         |

### 21. Pension commitments

The group operates a defined pension contribution pension scheme for the benefit of its employees.

The total pension costs of the company for the year were £373,934 (2013: £229,810).

### 22. Operating lease commitments

At 31 March 2014 the group had annual commitments under non-cancellable operating leases as follows:

|                       | Land and buildings |               | Other         |           |
|-----------------------|--------------------|---------------|---------------|-----------|
| Group and Company     | 2014<br>£          | 2013<br>£     | 2014<br>£     | 2013<br>£ |
| <b>Expiry date:</b>   |                    |               |               |           |
| Within 1 year         | -                  | -             | -             | -         |
| Between 2 and 5 years | <u>140,120</u>     | <u>84,000</u> | <u>21,897</u> | <u>-</u>  |

## Notes to the Financial Statements

For the year ended 31 March 2014

### **23. Contingent liabilities**

There were no contingent liabilities at 31 March 2014 (2013: £nil).

### **24. Liabilities of members**

Under Clause 7 of the Memorandum of Association, all members undertake to contribute to the assets of the company such an amount as may be required, not exceeding £1, in the event of it being wound up during the period of membership or within one year afterwards.

### **25. Control**

Directors are drawn from throughout the Justice and Safer Communities sectors and are also appointed as members of the company.

### **26. Capital Commitments**

The charitable group had no capital commitments at 31 March 2014 (2013: £nil).

### **27. Financial derivatives**

The charitable company had no financial derivatives at 31 March 2014 (2013: £nil).

### **28. Related party transactions**

Management charges of £45,000 (2013: £45,000) were received from Skills for Justice (Enterprises) Limited during the year. A loan of £150,000 was also made. The total loan outstanding at the year end was £380,000 (2013: £250,000). Interest was charged on this during the year of £6,011, with £8,532 outstanding at the year end.

The company made sales of £610,523 to Universal Skills Limited, a joint venture, during the year.

The group received £84,652 during the year from INSSO, an entity of which it held 16% of the shareholding.