

British Retail Consortium
(a company limited by guarantee)
Financial statements for the year ended 30 June 2020

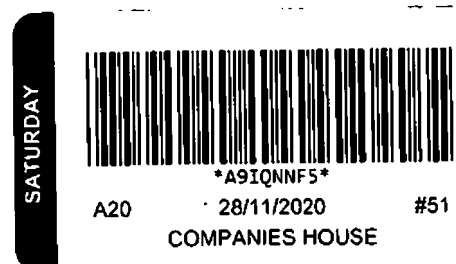
Annual Report and Financial Statements

British Retail Consortium

(a company limited by guarantee)

For the year ended 30 June 2020

Company Number 00405720



British Retail Consortium
(a company limited by guarantee)
Financial statements for the year ended 30 June 2020

Company registration number: 00405720

Registered office: 100 Avebury Boulevard
Central Milton Keynes
MK9 1FH

Directors: Richard Pennycook (resigned 20 May 2020)
Helen Dickinson
Ian Percival
Jonathan Bye
Ian Filby
Ben Fletcher
Deborah Robinson
Melanie Steel
Tony De Nunzio (appointed 29 April 2020)
Sarah Miles (appointed 8 September 2020)
Kenyatte Nelson (appointed 8 September 2020)

Auditor: Grant Thornton UK LLP
Chartered Accountants and Statutory Auditor
Victoria House
199 Avebury Boulevard
Milton Keynes
MK9 1AU

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Report of the directors

The directors present their report together with the consolidated financial statements of British Retail Consortium (BRC) for the year ended 30 June 2020.

Results and dividends

The BRC Group's loss for the year was £1,085,935 (2019: profit of £6,888,126). The Group comprises the British Retail Consortium ('the Company' or the 'BRC') and its subsidiary, Tower Street Limited.

The Memorandum of the BRC prohibits the distribution of any surplus to the members either by payment of dividends or by any other means. The reserves of both the BRC and the Group remain in surplus as at the end of the year and in accordance with the Articles of Association will be applied solely towards the promotion of its trading objects.

Future Developments

The Group's likely future developments including its strategy are described in the Strategic Report on page 5.

Political and Charitable donations

There have been no political or charitable donations during the year.

Exposure to price, credit, liquidity and cash flow risk

The majority of the BRC's revenue is generated from subscriptions, there is a risk that membership numbers may fall if the price set for these is too high. The BRC monitors member renewal rates to manage this risk. The Group is also exposed to credit risk should a member not pay their invoices. The risk is managed by appropriate debt collection processes and regular aged debt reporting. The BRC has a large cash asset that minimises the liquidity and cash flow risk, accordingly the business is able to pay its liabilities as they fall due.

Directors

The directors who served the Company during the year were as follows:

Tony De Nunzio (Chairman, appointed 29 April 2020)
Helen Dickinson (Chief Executive)
Ian Percival
Jonathan Bye
Ian Filby
Ben Fletcher
Richard Pennycook (resigned 20 May 2020)
Deborah Robinson
Melanie Steel
Sarah Miles (appointed 8 September 2020)
Kenyatte Nelson (appointed 8 September 2020)

Report of the directors (continued)

Risk management objectives and policies

The key risk to the BRC, as with any trading organisation, is the loss of income and the support of its members. The transformational structural change in the industry and the impact of the Covid-19 pandemic on retail businesses continues to place demands on retailers' cost base, with every expense scrutinised to ensure it is delivering value for money. The BRC strives to produce work of the highest standard and to offer value for money services to its growing list of members. Membership retention amongst retailers remains high, although each year there is some churn in the Retailer and Associate member categories.

The subsidiary, Tower Street Limited, owns a property in Central London. The key risk to Tower Street Limited is any reduction in the value of that property caused by physical damage or future movements in property valuations. Insurance cover is maintained to mitigate this risk.

The Risk Register, covering the activities of both the BRC and Tower Street Limited, is regularly updated and reviewed by the Audit and Risk Committee.

The financial instruments held by the BRC and its subsidiary company during the year to 30 June 2020 were trade debtors, trade creditors and loan notes issued in favour of the BRC by Brand Reputation Compliance Limited (the parent company of a former subsidiary BRC Trading Ltd) that were repaid during the year, and cash.

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report of the Directors, the Strategic Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the company and group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently
- make judgements and 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 company will continue in business.

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

Report of the directors (continued)

Disclosure of information to auditor

The Directors confirm that:

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

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

Auditor

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.

BY ORDER OF THE BOARD

Ian Percival

Ian Percival
Director

18 November 2020

Strategic report

Principal activities

The BRC, the parent company, continues to trade by providing information and other services to UK retailers and representing the retail industry in the media, to Government and other bodies. It derives its trading income from running events, promoting and providing training courses, obtaining subscriptions, generating sponsorship and selling retail data and insight services.

The BRC's activities cover the whole of the retail industry. This diverse and exciting industry ranges from large multiples to independents, high streets to out of town, and digital to physical selling across all sectors: clothing, footwear, food, homewares, electricals, health & beauty, jewellery and everything in between, to ever more demanding consumers.

Our broad range of stakeholders demonstrates how retailing touches almost every aspect of our culture and economy. The BRC leads the industry and uses the income it earns to work with our members to shape debates and influence issues that will help make a positive difference to the industry. We care about the careers of people who work in our industry, the communities retail touches and competitiveness as a fundamental principle of the industry's success.

Tower Street Limited, the wholly-owned subsidiary, is a property development company that owns a small property in central London that we are developing into two apartments (having obtained the necessary planning consent). The group will use this building to generate rental income in the future.

Business review and future developments

The BRC generates funds in order to shape an economic and policy environment that enables retail businesses to thrive. The company has responded well to the challenges of the current Covid-19 pandemic and has received widespread praise, from both existing members, the large number of new joiners and other stakeholders including government officials, for the work we have been doing to support both businesses and consumers during this crisis.

Throughout the year we have progressed our priority campaigns for the reform of business rates; assisting the creation of better jobs and achieving greater flexibility in the use of the apprenticeship levy; driving improvements in responsible business practices; exploring better ways to tackle retail crime and protect retail staff; helping to address the obesity issue in the UK; and ensuring the UK's exit from the EU results in a fair deal for UK consumers.

The pandemic has had a mixed impact on our revenue. Membership subscriptions have grown as more retailers recognise the value of our services and join the company whilst our income from Events has reduced due to the inability to run face to face activities since March. We also generated revenue from a year of trading in the OSS Retail training business acquired at the end of the previous year. The latter operates as part of our BRC Learning division that aims to help the industry develop its people to deliver the future vision of better jobs in retail. We are repositioning our Events and Training activities to take advantage of remote webinars and learning opportunities going forwards.

The strength of our balance sheet supports the achievement of our objectives. During the year we received repayment in full, including accumulated interest, of the Loan Notes from Brand Reputation Compliance Limited ("BRCL"), which is the parent company of BRC Trading Limited. We originally made this loan when we sold BRC Trading Limited in 2016 to BRCL. This repayment is being used to help secure the future trading success of the BRC and to improve the effectiveness of the organisation.

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Strategic report

During the year, the BRC obtained planning permission to extend and refurbish its office building in Tower Street in Central London. On completion in 2021, it will become the head office of the BRC and the 'Home of Retail' for BRC members.

The Company will continue to trade by advancing its mission to make a positive difference to the retail industry and the customers it serves, today and in the future.

ON BEHALF OF THE BOARD

Helen Dickinson

Helen Dickinson
Director

18 November 2020

Independent auditor's report to the members of British Retail Consortium

Opinion

We have audited the financial statements of British Retail Consortium (the 'parent company') and its subsidiary (the 'group') for the year ended 30/06/2020, which comprise the Consolidated Statement of comprehensive Income, the Consolidated and Parent Statement of Financial Position, the Consolidated Statement of Cash Flows, the Consolidated and Parent Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as of 30 June 2020 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

The impact of macro-economic uncertainties on our audit

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as Covid-19 and Brexit. All audits assess and challenge the reasonableness of estimates made by the directors and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Covid-19 and Brexit are amongst the most significant economic events currently faced by the UK, and at the date of this report their effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company associated with these particular events.

Independent auditor's report to the members of British Retail Consortium

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

In our evaluation of the directors' conclusions, we considered the risks associated with the company's business, including effects arising from macro-economic uncertainties such as Covid-19 and Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the period of at least twelve months from the date when the financial statements are authorised for issue. In accordance with the above, we have nothing to report in these respects.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report,¹ other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Independent auditor's report to the members of British Retail Consortium

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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Independent auditor's report to the members of British Retail Consortium

Use of our report

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

Grant Thornton UK LLP

Wendy Russell BSc (Hons) FCA
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Milton Keynes

19 November 2020

Consolidated statement of comprehensive income

	Note	2020 £	2019 restated £
Turnover	4	4,968,670	4,414,148
Cost of sales		(450,745)	(277,092)
Gross profit		4,517,925	4,137,056
Administrative expenses		(6,425,098)	(5,977,371)
Operating loss	6	(1,907,173)	(1,840,315)
Gain on disposal of investments	5	-	7,806,822
Interest receivable and similar income	7	737,577	705,847
Interest payable & similar charges	8	-	(30,102)
(Loss)/Profit on ordinary activities before taxation		(1,169,596)	6,642,252
Tax credit/(charge)	10	83,661	245,874
(Loss) / Profit for the financial year		(1,085,935)	6,888,126

All of the activities of the Group are classed as continuing. There were no recognised gains and losses for 2020 or 2019 other than those included in the Consolidated Statement of Comprehensive Income.

Consolidated Statement of financial position

	Note	£	2020 £	£	2019 restated £
Fixed assets					
Intangible assets	11		139,923		327,288
Tangible assets	13		<u>24,888,392</u>		<u>24,532,341</u>
			<u>25,028,315</u>		<u>24,859,629</u>
Current assets					
Debtors	15	2,600,756		9,004,447	
Cash at bank and in hand		<u>22,292,726</u>		<u>17,031,371</u>	
		<u>24,893,482</u>		<u>26,035,818</u>	
Creditors: amounts falling due within one year	16	<u>(3,956,445)</u>		<u>(3,844,160)</u>	
Net current assets			<u>20,937,037</u>		<u>22,191,658</u>
Total assets less current liabilities			<u>45,965,352</u>		<u>47,051,287</u>
Net assets			<u>45,965,352</u>		<u>47,051,287</u>
Capital and reserves					
Reserves	17		<u>45,965,352</u>		<u>47,051,287</u>

These financial statements were approved and authorised for issue by the directors on 18 November 2020 and are signed on their behalf by:

Helen Dickinson

Helen Dickinson
 Director

Registration number: 00405720

The accompanying notes form part of these financial statements.

Company Statement of financial position

	Note	£	2020 £	£	2019 restated £
Fixed assets					
Intangible assets	12		139,923		327,288
Tangible assets	14		<u>23,340,060</u>		<u>23,007,244</u>
			<u>23,479,983</u>		<u>23,334,532</u>
Current assets					
Debtors	15	4,041,214		10,740,451	
Cash at bank and in hand		<u>22,278,704</u>		<u>17,018,649</u>	
		<u>26,319,918</u>		<u>27,759,100</u>	
Creditors: amounts falling due within one year	16	<u>(3,940,092)</u>		<u>(3,825,880)</u>	
Net current assets			<u>22,379,826</u>		<u>23,933,220</u>
Total assets less current liabilities			<u>45,859,809</u>		<u>47,267,752</u>
Net assets			<u>45,859,809</u>		<u>47,267,752</u>
Capital and reserves					
Reserves	17		<u>45,859,809</u>		<u>47,267,752</u>

These financial statements were approved and authorised for issue by the directors on 18 November 2020 and are signed on their behalf by:

Helen Dickinson

Helen Dickinson
 Director

Registration number: 00405720

Consolidated statement of cash flows

	2020	2019 restated
	£	£
Cash flows from operating activities		
(Loss) / Profit for the financial year	(1,085,935)	6,888,126
Adjustments for:		
Amortisation and impairment of intangible assets	299,385	628,728
Depreciation of tangible assets	90,899	97,687
Profit on disposal of investment	-	(7,806,822)
Interest receivable	(737,577)	(705,847)
Interest payable and financing charges	-	30,102
Taxation	(83,661)	(245,874)
Decrease / (increase) in trade and other debtors	-	-
(Increase) / decrease in trade and other debtors	(159,863)	369,623
Increase in trade creditors	112,285	155,926
Cash from operations	(1,564,467)	(588,351)
Income taxes received /(paid)	318,607	(505,836)
Net cash generated from operating activities	(1,245,860)	(1,094,187)
Cash flows from investing activities		
Purchases of tangible assets	(423,716)	(391,186)
Purchases of intangible assets	(112,019)	(279,006)
Additions to investment properties	(23,235)	(25,097)
Net receipt from sale of Investment	-	7,833,181
Receipt from Loan	6,964,475	-
Interest received	101,710	118,920
Net cash from investing activities	6,507,215	7,256,812
Cash flows from financing activities		
Repayment of Loan	-	(5,000,000)
Interest paid	-	(20,392)
Net cash from financing activities	-	(5,020,392)
	5,261,355	1,142,233
Net (decrease) / increase in cash and cash equivalents		
	17,031,371	15,889,138
Cash and cash equivalents at the beginning of year		
	22,292,726	17,031,371

Consolidated statement of changes in equity

	Reserves £	Total £
At 1 July 2018 restated (see note 13)	40,163,161	40,163,161
Profit for the year restated	6,888,126	6,888,126
At 30 June 2019 restated	47,051,287	47,051,287
Loss for the year	(1,085,935)	(1,085,935)
At 30 June 2020	45,965,352	45,965,352

Company statement of changes in equity

	Reserves £	Total £
At 1 July 2018	40,738,303	40,738,303
Profit for the year restated	6,529,449	6,529,449
At 30 June 2019 restated	47,267,752	47,267,752
Loss for the year	(1,407,943)	(1,407,943)
At 30 June 2020	45,859,809	45,859,809

Notes to the financial statements

1. Company information

The British Retail Consortium is headquartered in the UK. The British Retail Consortium (the 'BRC' or the 'Company') is a Company limited by guarantee. Under the Articles of Association, the liability of each member is limited to £1. At 30 June 2020 there were 206 members (2019: 185).

2. Principal accounting policies

2.1 Basis of preparation

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' (FRS 102), and with the Companies Act 2006. The financial statements have been prepared on the historical cost basis except for the modification to a fair value basis for certain investments and financial instruments. The financial statements are presented in Sterling (£).

The Group financial statements consolidate the financial statements of the British Retail Consortium and Tower Street Limited drawn up to 30 June each year. No income statement is presented for the British Retail Consortium as permitted by s408 of the Companies Act 2006.

Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiary ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full. The consolidated financial statements incorporate the results of business combinations using the purchase method. The results of acquired operations are included in the Consolidated Income Statement from the date on which control is obtained. They are deconsolidated from the date control ceases.

2.2 Prior period adjustments

Property with a cost of £1,525,097 has been reclassified from the Freehold property balance to Investment property as at 30 June 2019. Depreciation on this asset to the value of £6,416 in 2019 figure has been reversed.

Freehold property with a cost of £23,301,140 has been reclassified as an asset under construction and is now not being depreciated. This adjustment is reflected in the restated prior year figure and as a result depreciation of £54,340 has been reversed from before 2019 and £271,700 from 2019.

2.3 Going concern

After reviewing the Group and Company forecasts and projections, the directors have a reasonable expectation that the group and company have adequate resources to continue in operational existence for the foreseeable future. The group and company therefore continue to adopt the going concern basis in preparing its financial statements.

The group held cash reserves of £22,292,726 (2019: £17,031,371) at the year end which represents more than 3 years worth of operating expenditure.

The accompanying notes form part of these financial statements.

Notes to the financial statements (continued)

2.4 Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the purchase method. The cost of the business combination is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Company in exchange for control of the acquiree plus costs directly attributable to the business combination.

Any excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets and liabilities is recognised as goodwill. If the net fair value of the identifiable assets and liabilities exceeds the cost of the business combination the excess is recognised separately on the face of the consolidated statement of financial position immediately below goodwill.

2.5 Investment in subsidiaries

Consolidated financial statements are prepared when there are entities controlled by the company at the year-end (its subsidiaries) where the inclusion of their results would materially alter the financial statements. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in total comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate using accounting policies consistent with those of the parent. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Investments in subsidiaries in the Company statement of financial position are accounted for at cost less impairment in the financial statements. At the year end, the Company held an investment of £nil in Tower Street Limited after performing an impairment review in the prior year.

Investments in entities that are not subsidiaries are included in the statement of financial position at their estimated fair value.

2.6 Intangible assets

Intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses.

Positive goodwill acquired on each business combination is capitalised, classified as an asset on the statement of financial position and amortised on a straight-line basis over its useful life.

Goodwill acquired in a business combination is, from the acquisition date, allocated to each cash generating unit that is expected to benefit from the synergies of the combination.

If a subsidiary is subsequently sold or discontinued, any goodwill arising on acquisition that has not been amortised through the profit and loss account is taken into account in determining the profit or loss on sale or discontinuance.

Amortisation is charged so as to allocate the cost of intangibles less their residual values over their estimated useful lives, using the straight-line method. The intangible assets are amortised over the following useful economic lives:

- | | |
|---------------------------|----------|
| - Computer software costs | 3 years |
| - Website development | 5 years |
| - Goodwill | 10 years |

The accompanying notes form part of these financial statements.

Notes to the financial statements (continued)

If there is an indication that there has been a significant change in amortisation rate or residual value of an asset, the amortisation of that asset is revised prospectively to reflect the new expectations.

2.7 Tangible assets

Tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets except land which is not depreciated, over their expected useful lives, using the straight-line method. The rates applicable are:

- | | |
|-------------------------------|-------------------------------------|
| - Freehold buildings | 25 years |
| - Fixtures and Fittings | 5 years |
| - Leasehold improvements | Over the expected life of the lease |
| - Office & computer equipment | 3 to 5 years |

Leasehold improvement depreciation starts when the works are completed and are spread over the remainder of the expected lease period. For other fixed assets depreciation starts when the asset is acquired and available for use.

Assets in the course of construction are stated at cost. These assets are not depreciated until they are available for use.

2.8 Investment property

Investment property is initially measured at cost and subsequently at fair value with any change therein recognised in profit or loss. When assets are in construction they are measured at cost until completed and then measured for impairment.

Any gain or loss on disposal of investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss. When investment property that was previously classified as property, plant and equipment is sold, any related amount included in the revaluation reserve is transferred to retained earnings.

2.9 Impairment of assets

At each reporting date fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in the income statement.

If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the income statement.

Notes to the financial statements (continued)

2.10 Debtors

Short term debtors are measured at transaction price, less any impairment. Loan notes receivable are measured at fair value.

2.11 Creditors

Short term trade creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.12 Leases

When entering into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a "finance lease". The asset is recorded in the statement of financial position as a tangible fixed asset and is depreciated over its estimated useful life or the term of the lease, whichever is shorter. Future instalments under such leases, net of finance charges, are included within creditors. Rentals payable are apportioned between the finance element, which is charged to the income statement, and the capital element which reduces the outstanding obligation for future instalments.

All other leases are accounted for as operating leases and the rental charges are charged to the income statement on a straight-line basis over the life of the lease.

2.13 Provisions for liabilities

Provisions are recognised when the group has a present obligation (legal or constructive) as a result of a past event, it is probable that the group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

2.14 Taxation

Current tax is recognised for the amount of income tax payable in respect of the taxable profit for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

The accompanying notes form part of these financial statements.

Notes to the financial statements (continued)

Deferred tax is calculated using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference. Deferred tax is measured on a non-discounted basis.

2.15 Turnover

Turnover represents the amounts (excluding value added tax) received by the Group in respect of subscriptions and other trading and commercial activities including advertising, sponsorship, fees received from training courses and income from events.

Turnover is recognised on an accruals basis when the group becomes entitled to receipt of the income. Turnover from annual membership subscriptions is recognised evenly across the year and turnover from events, sponsorship and training courses is recognised following delivery of the related event, service or course.

2.16 Employee benefits

The Group operates a defined contribution pension scheme. Contributions are charged to the income statement as they become payable in accordance with the rules of the scheme.

2.17 Foreign currency

Assets and liabilities denominated in foreign currencies are translated at a rate of exchange ruling at the statement of the financial position. Transactions denominated in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit or loss.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 2, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Notes to the financial statements (continued)

Key sources of estimation uncertainty

Trade debtors

Trade debtors at the year end of £2,054,831 are stated after a bad debt provision of £327,335. Due to the Covid 19 pandemic and the subsequent economic difficulties there is uncertainty concerning whether this provision is sufficient. The management have assessed each debt and believe the provision is appropriate.

Key Judgements

Assessment of impairment of goodwill

As a result of the impact of Covid-19 on OSS Retail's residential course programmes in 2020, the Company has assessed that the value of the goodwill held by the company was reduced and an impairment review was undertaken which resulted in the full value of the goodwill arising on the acquisition in 2019 being written off.

Valuation of Investment Property

The investment property was initially measured at cost on acquisition and continues to be valued at cost until the asset is available for use when it will be measured at fair value. This is because a fair value cannot be reliably measured whilst the property is under construction

Valuation of Freehold Property

The freehold property was initially measured at cost on acquisition and continues to be valued at cost until the asset is available for use when it will be measured at fair value. This is because a fair value cannot be reliably measured whilst the property is under construction. On completion of the construction part of the building will be classified as an Investment Property. Until the property development is finalised, it cannot be reliably split into an investment property and an own-use property.

4. Turnover

The turnover and loss before tax were all derived from the Group's principal activities.

	2020	2019
	£	£
Events income	239,976	380,045
Membership subscription and sponsorship	4,249,047	4,034,103
Educational income	479,647	-
	4,968,670	4,414,148

Turnover is all generated within the United Kingdom.

Notes to the financial statements (continued)

5. Other Income

	2020	2019
	£	£
Profit on disposal of fixed asset investment	-	7,806,822
	<u>-</u>	<u>7,806,822</u>

On 1 March 2019 the Company sold its minority shareholding in Brand Reputation Compliance Limited for a profit.

6. Operating profit / (loss)

Operating profit / (loss) is stated after charging:

	2020	2019 restated
	£	£
Auditor's remuneration:		
Audit services	24,500	21,700
Non-audit services - taxation services	31,950	14,070
Non-audit services – transaction related services	-	19,100
Amortisation of intangible fixed assets	74,749	211,586
Impairment of goodwill (see note 11)	224,636	417,142
Depreciation of tangible fixed assets:		
Owned assets	90,901	119,571
Operating lease rentals:		
Other assets	3,249	4,579
Land and buildings	316,217	325,314

7. Interest receivable

	2020	2019
	£	£
Bank interest	100,935	118,920
Other interest	775	1,890
Loan Note interest	635,867	585,037
	<u>737,577</u>	<u>705,847</u>

8. Interest payable

	2020	2019
	£	£
Loan interest	-	20,393
Financing charges	-	9,709
	<u>-</u>	<u>30,102</u>

The accompanying notes form part of these financial statements.

Notes to the financial statements (continued)

9. Directors and employees

Staff costs during the year were as follows:

	2020 £	2019 £
Wages and salaries	3,346,502	2,953,844
Social security costs	379,602	319,765
Other pension costs	217,924	190,643
	<u>3,944,028</u>	<u>3,464,252</u>

The average number of staff employed by the company during the financial year amounted to:

	2020 No	2019 No
Office and management	<u>53</u>	<u>47</u>

Remuneration in respect of directors was as follows:

	2020 £	2019 £
Emoluments		
Wages and salaries	461,909	435,237
Social security costs	61,493	57,316
Other pension costs	-	-
	<u>523,402</u>	<u>492,553</u>
Emoluments of the highest paid director		
Wages and salaries	375,465	346,657
Social security costs	50,688	46,309
Other pension costs	-	-
	<u>426,153</u>	<u>392,966</u>

There were no directors (2019 – none) who accrued benefits under defined contribution schemes.

Notes to the financial statements (continued)

10. Tax on profit on ordinary activities

	2020 £	2019 £
Current tax		
UK corporation tax		
Adjustments in respect of prior periods	(83,661)	(422,158)
Total current tax	(83,661)	(422,158)
Deferred tax		
Origination and reversal of timing differences	-	163,739
Adjustments in respect of prior periods	-	12,545
Total deferred tax	-	176,284
Tax on profit on ordinary activities	(83,661)	(245,874)

The tax assessed on the profit on ordinary activities for the year is lower (2019 - lower) than the standard rate of corporation tax in the UK of 19% (2019 - 19%). The difference is explained as follows:

	2020 £	2019 restated £
(Loss)/Profit on ordinary activities before tax	(1,169,596)	6,642,252
(Loss)/Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19%	(222,223)	1,262,028
Effect of:		
Fixed asset differences	52,399	3,286
Expenses not deductible for tax purposes	1,689	103,101
Income not taxable for tax purposes	-	(1,484,151)
Losses carried back	-	20,988
Adjustments in respect of prior periods	(83,661)	(422,158)
Adjustments in respect of prior periods (deferred tax)	-	12,545
Adjust opening deferred tax rate	-	(117,807)
Adjust closing deferred tax rate	-	127,781
Remeasurement of deferred tax for changes in tax rates	(118,974)	-
Deferred tax not recognised	287,109	248,513
Tax (credit) / charge for the year	(83,661)	(245,874)

A deferred tax amount of £1,298,379 (2019 - £1,086,140) has not been included as an asset since it is not probable that a taxable profit against which it can be utilised will occur in the future. This asset was created by fixed asset differences of £97,161 (2019: £69,586), timing differences of £3,764,018 (2019: £4,927,217) and losses of £2,972,395 (2019: £1,392,257).

Notes to the financial statements (continued)

11. Intangible fixed assets – The Group

	Computer software	Goodwill	Total
	£	£	£
Cost			
At 1 July 2019	570,929	724,780	1,295,709
Additions	112,019	-	112,019
At 30 June 2020	682,948	724,780	1,407,728
Amortisation			
At 1 July 2019	493,352	475,069	968,421
Provided in the year	49,673	25,076	74,749
Impairment charge on goodwill in the year	-	224,635	224,635
At 30 June 2020	543,025	724,780	1,267,805
Net book value at 30 June 2020	139,923	-	139,923
Net book value at 30 June 2019	77,577	249,711	327,288

Goodwill included amounts that arose on the acquisition of a training business. Following the impact of the Covid 19 pandemic on the prospects for residential training courses, the group has written off the value of the goodwill.

12. Intangible fixed assets – The Company

	Computer software	Goodwill	Total
	£	£	£
Cost			
At 1 July 2019	570,929	250,756	821,685
Additions	112,019	-	112,019
Disposals	-	-	-
At 30 June 2020	682,948	250,756	933,704
Amortisation			
At 1 July 2019	493,352	1,045	494,397
Charged in the year	49,673	25,076	74,749
Impairment charge on goodwill in the year	-	224,635	224,635
At 30 June 2020	543,025	250,756	793,781
Net book value at 30 June 2020	139,923	-	139,923
Net book value at 30 June 2019	77,577	249,711	327,288

Notes to the financial statements (continued)

13. Tangible fixed assets – The Group

	Freehold property	Investment Property	Fixtures & fittings	Leasehold improvements	Office & computer equipment	Total
	£		£	£	£	£
Cost or valuation						
At 1 July 2019 as originally stated	24,409,902	-	104,649	335,985	240,981	25,091,517
Restatement impact	(1,525,097)	1,525,097	-	-	-	-
At 1 July 2019 restated	22,884,805	1,525,097	104,649	335,985	240,981	25,091,517
Additions	416,336	23,235	-	-	7,381	446,952
Disposals	-	-	-	-	-	-
	<u>23,301,141</u>	<u>1,548,332</u>	<u>104,649</u>	<u>335,985</u>	<u>248,362</u>	<u>25,538,469</u>
At 30 June 2020						
Depreciation						
At 1 July 2019 as originally stated	332,456	-	58,339	276,584	224,253	891,632
Restatement impact	(332,456)	-	-	-	-	(332,456)
At 1 July 2019 restated	-	-	58,339	276,584	224,253	559,176
Charge in the year	-	-	19,793	59,401	11,707	90,901
	<u>-</u>	<u>-</u>	<u>78,132</u>	<u>335,985</u>	<u>235,960</u>	<u>650,077</u>
At 30 June 2020						
Net book value at 30 June 2020	23,301,141	1,548,332	26,517	-	12,402	24,888,392
Net book value at 30 June 2019 restated	22,884,805	1,525,097	46,310	59,401	16,728	24,532,341

There has been a prior period adjustment to reclassify property held as freehold property to investment property, which is currently under construction. This property is held at cost until it is available for use and a fair value can be appropriately measured. This was £1,525,097 at 30 June 2019, and £1,548,332 at 30 June 2020. A restatement has been made to remove depreciation charged of £6,416 on this property in the prior period.

There has also been a prior period adjustment to reverse depreciation charged on freehold property under construction of £326,040. This gives a value at 30 June 2019 of £22,884,805, and £23,301,141 at 30 June 2020.

Notes to the financial statements (continued)

14. Tangible fixed assets – The Company

	Freehold property	Fixtures & fittings	Leasehold improvements	Office & computer equipment	Total
	£	£	£	£	£
Cost or valuation					
At 1 July 2019	22,884,805	104,649	335,985	240,981	23,566,420
Additions	416,336	-	-	7,381	423,717
At 30 June 2020	23,301,141	104,649	335,985	248,362	23,990,137
Depreciation					
At 1 July 2019 as originally stated	203,775	58,339	276,584	224,253	762,951
Restatement impact	(203,775)	-	-	-	(203,775)
At 1 July 2019 restated	-	58,339	276,584	224,253	559,176
Charge in the year	-	19,793	59,401	11,707	90,901
At 30 June 2020	-	78,132	335,985	235,960	650,077
Net book value at 30 June 2020	23,301,141	26,517	-	12,402	23,340,060
Net book value at 30 June 2019 restated	22,884,805	46,310	59,401	16,728	23,007,244

There has been a prior period adjustment to reverse depreciation charged on freehold property under construction of £203,775. This gives a value at 30 June 2019 of £22,884,805, and £23,301,141 at 30 June 2020.

Notes to the financial statements (continued)

15. Debtors

	The Group		The Company	
	2020	2019	2020	2019
	£	£	£	£
Trade debtors	2,054,831	1,599,198	2,054,831	1,599,198
Other debtors	2,309	163,903	2,309	163,903
Corporation tax	105,441	424,048	-	-
Prepayments and accrued income	438,175	488,690	435,742	488,047
Amounts owed by group undertakings	-	-	1,548,332	2,160,695
Loan note receivable	-	6,328,608	-	6,328,608
	2,600,756	9,004,447	4,041,214	10,740,451

	The Group		The Company	
	2020	2019	2020	2019
	£	£	£	£
Amounts due after more than one year included in debtors:				
Loan note receivable	-	6,328,608	-	6,328,608

Amounts owed by group undertakings in The Company are stated after an impairment of £354,165.

On 24 November 2016 the Company received £5,013,334 of 10 per cent unsecured Loan Notes issued by Brand Reputation Compliance Limited, the parent company of BRC Trading Ltd, as part consideration for the sale of its investment in BRC Trading Limited. This was redeemed in full during the year.

Amounts owed by group undertakings in the company have a 5 year term and a 4 year interest rate.

16. Creditors: amounts falling due within one year

	The Group		The Company	
	2020	2019	2020	2019
	£	£	£	£
Trade creditors	435,334	293,200	430,165	292,909
Accruals	694,681	613,648	679,296	594,443
Social security and other taxes	386,353	340,982	390,555	342,199
Other creditors	59,742	21,821	59,742	21,820
Deferred income	2,380,335	2,574,509	2,380,335	2,574,509
	3,956,445	3,844,160	3,940,093	3,825,880

Notes to the financial statements (continued)

17. Reserves

This includes all current and prior period profits and losses.

18. Contingent liabilities

The Group and the Company had no contingent liabilities at 30 June 2020 or 30 June 2019.

19. Capital commitments

The Group and the Company

	2020 Land and Buildings £	2019 Land and Buildings £
Budgeted cost	6,494,000	-
Costs incurred at year end	(283,000)	-
Remaining costs expected to be incurred	<u>6,211,000</u>	<u>-</u>

At the year end, management had engaged in a contract with 21 Construction Limited to refurbish two properties held by the group to make them suitable for use as offices and accommodation. The agreed contract price for these works was £6,494,000. As at 30 June 2020, costs of £283,000 had been incurred and the remaining value of the contract payable is £6,211,000.

20. Leasing commitments

Future minimum operating lease payments are as follows:

The Group and the Company

	2020 Land and Buildings £	2020 Other £	2019 Land and Buildings £	2019 Other £
Within one year	92,140	537	311,400	4,579
Between one and five years	-	-	155,700	1,704
In more than five years	-	-	-	-
	<u>92,140</u>	<u>537</u>	<u>467,100</u>	<u>6,283</u>

Notes to the financial statements (continued)

21. Pensions

Defined contribution pension scheme

The pension charge for the period was £217,924 (2019: £190,643) representing contributions payable under the Group Personal Pension Plan (GPPP), which is a defined contribution pension scheme. Contributions outstanding at the year-end of £28,665 (2019: £217) are included in creditors.

22. Related party transactions

The amounts payable to key management personnel for the year amounted to £1,226,644 (2019: £1,139,905).

Ultimate controlling party

The Company has no ultimate controlling party. It is a company limited by guarantee.