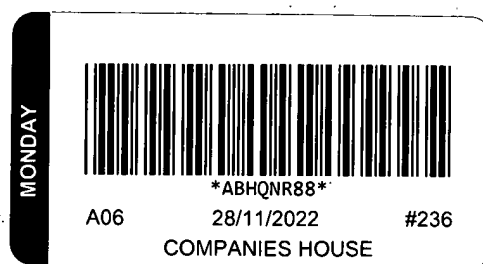


SKILLS AND WORK SOLUTIONS LIMITED

Report and Financial Statements

Year ended 31 March 2022



Company Registration Number: 03918013 (England and Wales)

SKILLS AND WORK SOLUTIONS LIMITED

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SKILLS AND WORK SOLUTIONS LIMITED COMPANY INFORMATION

Directors

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M Leeson

J Rimington

Company Secretary

P A Simpson

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SKILLS AND WORK SOLUTIONS LIMITED
STRATEGIC REPORT
For the year ended 31 March 2022

The directors present the strategic report for the year ended 31 March 2022.

Overview

Skills and Work Solutions Limited is the employment, skills and education division of The Growth Company (GC).

Skills and Work Solutions delivers a wide range of services, providing support to individuals, employers and communities. Services fall into the following key areas of work;

- Support for adult jobseekers – through our contracts with DWP, ESFA, Greater Manchester and Liverpool City Region Combined Authorities, we provide individuals with the skills, advice and guidance, and confidence they need to move into sustainable employment
- Specific range of provision for young people, including our ESFA-funded Study Programme, GM NEET contract and delivery of the National Citizen Service, operating across the North-West
- Skills and Education – across both young people and adults, delivering pre recruitment activities across multiple contracts to enable individuals to gain the skills, knowledge, and behaviours critical to progress in their working lives. Post-recruitment in work training is delivered to support and develop individuals' skills to continue progression once in work
- Focused upskilling in specific priority areas, via bootcamp style delivery in the digital and craft sectors
- Support for specialist groups, for example, via our Ministry of Justice contracts (IAG in Custody across six North West Prisons, CRS Personal Wellbeing contracts in Merseyside, Lancashire, Cumbria and South Yorkshire, and Activity Hubs in Sheffield, Leeds and York)

Objectives and Strategies

Vision and values:

Skills & Work Solutions operates within our wider GC vision –

for a society where economic growth and prosperity is inclusive, sustainable and leaves no person or community behind. The future we will help to create, will be founded on this principle of Good Growth with thriving businesses, creating well-paid jobs for talented and empowered individuals across our diverse communities.

GC has worked with all staff members, including those in Skills & Work Solutions, to codify and articulate a common set of values. Defining clearly how, at all levels, we hold ourselves accountable for the way in which we work together and deliver our services. These are:

- Make a positive difference
- Stronger together
- Empower people
- Build on success
- Do the right thing

Across GC, these values, coupled with our purpose, have served us well and helped to create a distinctive and successful organisation. They describe why and how we will undertake our journey towards corporate growth but are insufficient on their own to firmly articulate where this journey will take us.

SKILLS AND WORK SOLUTIONS LIMITED
STRATEGIC REPORT
For the year ended 31 March 2022

Strategy overview for the next 5 years:

The following details how Skills & Work Solutions will contribute to the overall strategic objectives for The Growth Company;

Market Leader

- Recognised as a leading provider of a diverse range of services to individuals of all ages. Services are focused on positive outcomes, addressing wider barriers to progression, whether this be into learning, education, employment or improved wellbeing

Unrivalled Reach

- Maximise engagement of individuals across all Employment, Education and Skills services, including National Citizen Service
- Further embed Skills & Work Solutions services across the North West and Yorkshire through the delivery of our MOJ contracts, Restart, National Citizen Service, ESF and Apprenticeship delivery
- The most recent contract award, the Restart scheme, will increase our reach by approximately a further 60,000 individuals over the 5 years

Financially Robust

- Continue to review delivery models, our resource requirements, and our future delivery focus, to support continued efficient growth and sustainable provision

Brightest & Best

- Enable an environment where individuals are empowered, motivated and recognised for high performance, excellent quality delivery and innovation
- Build on the success of the previous year, where we have seen high levels of internal promotions based on contract wins

Social & Environmental

- Drive forward the development of our social value commitments across all our people-based services, including contractual requirements on the Greater Manchester Work & Health programme, IPES, National Citizen Service and the Restart scheme contracts
- Drive the green agenda in relation to provision and business activities
- Continue to develop initiatives in response to events such as Employ GM and the Employment Legal Service

Covid-19 – impact on the business

During the Covid-19 pandemic we saw continued demand for our services from existing customers, and the situation also enabled the organisation to drive improvements quickly, to react positively and to increase the speed by which our transitional objectives have been, and continue to be, implemented. In addition to the quarterly Work Force Development Board, the business has received a huge amount of support from our Sub Board, which focuses solely on the quality of provision.

The business saw a reduction in carry-in learner occupancy across several delivery streams, such as Apprenticeships, however the reduced volume aligns to the strategic plan in terms of refining delivery areas in this space to ensure a more robust, streamlined focus on key sector areas, which will be required to support the economic recovery and are in line with localised demand.

In the areas supporting young people back into work through ESF and Study Programme contracts, we have continued to support a significant number of young people and we see this continuing as we support the recovery phase. Furthermore, following increasing levels of unemployment, together with changes within the labour market, we have seen a wave of new government funding to support the individuals and businesses that we work with. This includes the Restart scheme, where we were awarded £95m of funding to deliver services to unemployed residents across South Yorkshire and the North West, as well as the implementation of the Kickstart scheme and the JETS (Job Entry Targeted Support) programme in Greater Manchester.

SKILLS AND WORK SOLUTIONS LIMITED
STRATEGIC REPORT
For the year ended 31 March 2022

Covid-19 – Impact on the business (continued)

Our teams in Employment (Salford Health Works, Recovery Works etc.) also carried out lots of vital community support during the pandemic, including volunteering at food banks and delivering prescriptions.

Our National Citizen Service for young people moved to digital delivery during the pandemic, with face-to-face delivery taking place where possible and two new community services – EmployGM and the Employment Legal Advice Service, were set up by our teams in Greater Manchester.

EU Exit impact

The impact of Brexit on provision has been minimal so far, however the situation does provide a significant opportunity for us to ensure that the local workforce is aligned to economic demand. The potential effect on individual sector areas is not yet fully known, however the ability to be agile in this space will enable stringent management of our cost base against any changes in demand.

The greatest unknown for the future is how the Shared Prosperity Fund will replace ESF provision, which is a key funding stream throughout employment, education and skills.

Education and Skills

Business activities and strategic achievements

The business continued to deliver its objectives in year, while also ensuring changes identified during the previous financial year were implemented to enable a phased shift in provision. In year performance continued to be impacted by the pandemic, particularly around the challenges employers faced around the recruitment and training of staff while covering resource shortages at times. However, our key focus to support and upskill individuals continued throughout.

The current year has seen the continued transition from historical delivery methods to a more virtual learning offer, which has, in turn, enabled more flexibility, quality, and efficiency across the business. New systems have been implemented to support the 5-year strategy and to ensure that we deliver an increasingly efficient service to customers, as well as reducing the cost base to deliver the key strategic objectives. Apprenticeship occupancy, in particular, has reduced over the last 2 years; however, the resource has also been aligned to that reduction.

Future developments

GC Education and Skills business unit continues to develop its systems and processes to enable a quality, efficient and flexible delivery offer to:

- Meet the needs of our customers
- Focus our provision in key sector areas of need to align with the direction identified through the white paper and localised skills gaps
- Widen our geographical coverage of Apprenticeships and in work support where we already have a robust infrastructure
- Drive the sales strategy implemented in the last year, to increase our offering to employers and individuals through direct delivery and specialist partners

SKILLS AND WORK SOLUTIONS LIMITED
STRATEGIC REPORT
For the year ended 31 March 2022

Employment

Business activities and strategic achievements

2021/2022 was a strong year for the Employment Business Unit. In addition to the continued strong delivery of our existing services, we also succeeded in diversifying into new markets. During 2021, 11 new contracts were implemented; Restart Greater Manchester, Restart North West (Liverpool, St Helens and Preston), Restart South Yorkshire (Sheffield, Barnsley, Rotherham and Doncaster), MOJ Activity Hubs (directly delivered by the Growth Company in Sheffield and by our delivery partners, Community Links in Leeds and York Learning - via York Council - in York and Scarborough, IAG in Custody (in 6 prisons across the North West), CRS ETE in Yorkshire, 4 CRS Personal Wellbeing contracts (in Merseyside, Lancashire, Cumbria and South Yorkshire), National Citizen Service UK Year of Service (an add-on to our main NCS contract for young people undertaking paid work placements), and the Good Jobs project in North Manchester, via CRF.

Overall, these developments had the following impact:

- **Growth** – the Employment business unit almost doubled in size during the year, with a headcount of 417 increasing to 638 in a 12-month period
- **Geographical Footprint** – we are now very much a provider of the North of England, with only 55% of our delivery currently in Greater Manchester (formerly this was over 90%)
- **Diversification of delivery** – we are moving away from solely focusing on Employment and into more specialist services in addition

Service Delivery

- We continue to develop and improve the implementation of digital/remote delivery, to ensure that our services can be accessed as widely as possible by our participants, and, whilst this will not continue at 100% moving forward, it has supported us to move to a new blended delivery model
- We have launched several new initiatives in response to the emerging needs from the pandemic. These initiatives include 'United Support for Ukraine', a single point of information and support for both individuals and businesses to post vacancies
- We have centralised our Employer Engagement activity, including Aspire

GC Employment Colleagues

We continue to support managers and teams to respond to the new ways of working, ensuring continued motivation and wellbeing. Good progression rates for internal colleagues have been seen in year, further to the rapid growth of the business unit.

Financial Sustainability

We continue to work closely with all commissioners to re-purpose delivery to meet the current needs of participants and communities. Despite the continuing challenges surrounding the pandemic, we have still been able to reach a significant level of net surplus within the financial year.

Future developments

- We continue to explore adjacent markets, including a large service with the Home Office to support refugees and a large contract with the Ministry of Defence to support individuals leaving the armed forces
- We aim to retain existing business, such as our National Careers Service and National Citizen Service contracts, which are currently going through re-procurement
- Further development of Employer Engagement is planned, which will include the implementation of a new 'Equality, Diversity and Inclusion-focused' account
- The development of a management function to target large regional employers is planned. This team will work closely with the Education and Skills teams to ensure that we maximise sales of all our products and services
- The re-procurement, and potential growth, of our National Careers Service prime contract

SKILLS AND WORK SOLUTIONS LIMITED
STRATEGIC REPORT
For the year ended 31 March 2022

Section 172(1) Statement

This section serves as our section 172(1) statement and should be read in conjunction with the overview of the business on pages 3 to 6. Section 172(1)(a) to (f) of the Companies Act 2006 sets out how directors have had regard to the interests of the company's employees and stakeholders, including the impact of its activities on the community, the environment and the company's reputation, when making decisions. Acting in good faith and fairly between its stakeholder groups, the directors consider what is most likely to promote the success of the company for its stakeholders in the long term.

The stakeholder groups engaged by the company, and reported through to the Board, are its customers & clients, commissioners, our people, suppliers, lenders and partners. The company's Senior Management Team (SMT) acts as an executive team on behalf of the Board to engage with its stakeholders and has internal mechanisms in place such as the Audit Committee, the three advisory boards across all major aspects of company activity (workforce development, internationalisation and marketing and business support) and a contract review group to ensure that any conflicts of interest are managed.

Set out in relation to each of the company's principal stakeholder groups are:

- Why the directors believed it was important to engage with that group;
- The main methods the directors used to engage and so understand the issues to which they had to have regard (including those used by management);
- Information on the effect of that regard on the company's decisions and strategies during the period.

Customers/clients

Approximately 10% of the company's revenue is generated through commercial activity across a range of services from accreditation consultancy through to recruitment agency services. Lower revenue across this activity is likely to lead to a lower surplus and the directors recognise that customers do have a choice in the provision of these services and that customer service is critical in retaining existing and generating new business. This principle also applies where revenue is non-fee generating, for example, through business support, work programme and learner activity. Again, client progression, such as through apprenticeship programmes or business support activity is critical to the success of the company's key purpose of "Enabling Growth, Improving Lives, Creating Jobs".

Using a variety of platforms, from social media via both on-line and face-to-face engagement, the company advised nearly 1,000 (2021: 400) clients on starting a business through the Enterprising You programme. The company also secured and launched the Skills for Growth SME brokerage service (in conjunction with the Greater Manchester Chamber of Commerce) supporting 4,000 GM SME productivity plans and 17,000 individual skills plans. The '#HereforBusiness' campaign continued, including a dedicated Covid-19 business support microsite and a proactive outbound calling campaign, which reached 1,319,647 and led to engagement with 35,577 businesses through advisor interaction, webinar attendance or engagement on social media. The campaign won the Chartered Institute of PR North West Pride Award – Best Covid response. The company also, through its business support engagement, operates quarterly customer feedback surveys. During the year, this has resulted in the Growth Company improving its service design through the development and enhancement of the digital offer.

Suppliers

The company relies on a large number of suppliers supplying products and services across a wide range of activity. It is important to the company that it has good, strong and mutually beneficial business relationships with the right suppliers and, on the basis that a significant element of some of our Skills and Employment programmes are sub-contracted, this would also include those sub-contractors as the quality of their activity reflects on the company.

With the introduction of a dedicated procurement function in 2016, the approach to supplier engagement has improved as the group seeks to leverage the relationship it has with its suppliers through an increase in social value, now accounting for a significant part of any tendering exercise. During the year, a new inclusive procurement approach was developed and approved by the Board. This will align procurement to both the company's purpose and vision and includes the introduction of key responsible business criteria in our tendering and contracting covering carbon

SKILLS AND WORK SOLUTIONS LIMITED
STRATEGIC REPORT
For the year ended 31 March 2022

Section 172(1) Statement (continued)

Suppliers (continued)

reduction, good employment, real living wage, equality, diversity and inclusion. The new approach will lower the access and resource barriers for small, diverse-led or VCSE (Voluntary, Community and Social Enterprise) businesses. We will also uplift our social value criteria in tenders from 10% to 20%. Over the past six years, the directors have also reviewed, annually, the company's Modern Slavery and Human Trafficking Statement which sets out steps to prevent modern slavery in our business and supply chains through engagement with its suppliers and the development of an action plan regularly monitored and managed by SMT. This has resulted in enhanced supplier relationships providing greater social value to the geographical areas in which the Growth Company operates.

Commissioners

An integral part of the success of the company is down to its relationships with all of its commissioners. Commissioners such as the ESFA (Education and Skills Funding Agency), DWP (Department of Work and Pensions), National Citizen Service, GMCA (Greater Manchester Combined Authority) and Ministry of Justice (MOJ) provide the opportunity for the company to make a difference across the sectors in which it operates. This funding is the lifeblood of the company and allows the company to operate as a prime or sub-contractor across a number of geographical areas in England. The continuation of these relationships and associated funding is down to quality of service and regular engagement with all of the company's commissioners.

This engagement takes place across several levels of the business, such as regular commissioner meetings, delivery partner meetings, external audits and one-to-one contact and became even more critical throughout the Covid-19 pandemic where it was necessary to alter service delivery models, all of which have been done in conjunction with the company's commissioners and all have helped ensure the continuation of activity and survival of many of its smaller clients through business support and business finance activity.

Our people

The commitment, skills and experience of the people employed throughout the company are integral to the company's long-term success and embodiment of its values. Staff attraction and retention is crucial to this success and the company continues to strive to become an 'employer of choice' through the support of physical and mental well-being of its staff, in turn, creating the environment for individuals to develop.

Engagement with our people is paramount with the primary mechanism for staff engagement and feedback is, primarily, through the Employee Consultative Committees (ECCs). The ECCs have been established for several years and act as conduits for decisions/ consultations affecting staff. During 2021/22, whilst all the ECC meetings were virtual, the focus of meetings has been around continued staff engagement focused on mental health and wellbeing and returning to face-to-face activity. During the year, the company successfully completed all of its actions from the Time to Change pledge, supporting the change to the way people think and act about mental health problems. The company also signed up to the All Equals Charter providing greater access to benchmark EDI activity against industry standards. The Race at Work charter was also signed up to, amplifying the company's commitment to improving equality and the company also achieved member status with the Good Employment Charter.

Partners

The company operates in partnership with a number of key public and private sector stakeholders, integral to the achievement of community and environmental objectives wider than its own. These partners include, but are not limited to, the GMCA, represented on the Growth Company Board, and the GMLEP (Greater Manchester Local Enterprise Partnership). The company recognises that it can add value to local communities by regular engagement with such stakeholders, through attendance at board meetings, one-to-one meetings at all levels and working on mutually beneficial projects and programmes.

During 2021/22, the company supported the LEP and the GMCA through the development of the 2022-25 Greater Manchester Internationalisation Strategy as well as working with the GMCA and the GM Mayor in developing content and events in the lead up to, and during COP26 both in Manchester and at the event itself in Glasgow.

SKILLS AND WORK SOLUTIONS LIMITED
STRATEGIC REPORT
For the year ended 31 March 2022

Section 172(1) Statement (continued)

Lenders

Continued access to finance is of vital importance to the success of the company, particularly, given the nature of its funding. Whilst the company tries to limit debt, there are occasions when debt finance is required though this has been limited to specific parts of the company which are in receipt of funding in arrears.

Whilst access to finance remains critical, during the year, there were no new loan requirements. However, engagement has remained strong between the company and the company's bank, NatWest. This relationship remains important as the bank continues to be updated with potential future funding requirements based on potential investments.

Principal decisions

For the purposes of this statement, the directors regard their principal decisions as not only those that are material to the Group but also those that are significant to any of the Group's principal stakeholder groups. Implicit in making these decisions was the desirability to maintain a reputation for high standards of conduct and the need to act fairly between members of the company. The following specific decisions were taken by the Board during 2021/22:

Repayment of salary reductions and increase in retrospective furlough payment as a result of the impact of Covid-19

During 2020/21, as part of a cost reduction exercise to mitigate the impact of Covid-19 on the business, all staff were asked to volunteer up to a six month salary reduction. As a result of a better than expected financial performance at the end of 2020/21, all volunteered salary reductions were fully repaid to affected staff and, for those staff that had received 80% of their salary whilst in furlough, it was agreed that this would be topped up to 90% retrospectively. The main impact of this decision has been on our people.

Approval of 2022/23 business plan and budget

The annual business plan and budget was developed from the agreed three year strategy and presented to the Board in February. The strategic priorities had been reviewed during 2021/22 in light of the impact of Covid-19. Following this review, it was agreed that these priorities were still appropriate for GC for the remainder of the strategy. The business plan was developed using the key themes with updated milestones for the final year of the strategy (2022/23). The Board remained proactively engaged in monitoring and approving key decisions to ensure continuance of activity and sustainable financial performance. As with the strategy, this will impact on all of the company's stakeholders.

Capital investment in IT

As part of the need to remain resilient and responsive to changing business needs, the Board approved a two-year contract on all end-user IT equipment as well as the upgrade and migration to cloud of the integrated finance, HR and payroll system. This was successfully upgraded and implemented in April 2022. The main stakeholder beneficiaries of this investment will be our people, clients and commissioners as we seek to improve both internal and external IT systems.

Approval of new inclusive procurement approach

The Board approved a new inclusive procurement approach which will align procurement to both the company's purpose and vision and includes the introduction of key responsible business criteria in our tendering and contracting covering carbon reduction, good employment, real living wage, equality, diversity and inclusion. The new approach will lower the access and resource barriers for small, diverse-led or VCSE (Voluntary, Community and Social Enterprise) businesses. The main beneficiaries of this decision will be our suppliers as we seek to create a more inclusive environment ensuring that smaller, local suppliers who align with our vision and values are as equally competitive as larger suppliers.

Corporate Social Responsibilities (CSR)

The company has chosen to use the exemption to report these responsibilities through the parent company.

SKILLS AND WORK SOLUTIONS LIMITED
STRATEGIC REPORT
For the year ended 31 March 2022

Fair review of the business

Skills and Work Solutions Limited is a wholly owned subsidiary of The Growth Company. The company is supported in relation to cash flow through the group's treasury function.

Overall, income for the year was £74,384k (2021: £57,358k) and the closing members' funds were in deficit at £4,518k (2021: £5,395k). The profit for the year before taxation was £504k (2021: £1,005k). The actuarial gain on the defined benefit scheme of £373k (2021: loss of £303k) resulted in total comprehensive profit for the year of £877k (2021: £702k).

Skills and Work Solutions operates as two separate, but inter-related, divisions of the Growth Company and both had very differing financial performances during 2021/22. GC Employment accounted for 69% of total SWS income, generating a profit before taxation of £877k. The increase in SWS income was entirely from within GC Employment and predominantly due to the implementation of Restart programme. GC Skills, on the other hand, continues to restructure its business and improve its operating performance, delivering a loss before taxation of £373k in 2022. The plan to turnaround this division continued to be implemented during 2021/22 and GC Skills is currently meeting its financial targets.

Income increased by £17,026k (30%) between 2021 and 2022, with the new contracts and first full year of delivery for some of the existing ones. However, the Restart contracts are heavily resourced and so staff costs increased by £13,523k (73%), as well as other operating expenses, which increased by £1,821k (16%).

Cash at bank and in hand has increased to £9,240k (2021: £3,859k) and the net balance sheet has improved due to the profit in the year. There was a small increase in debtors (£1,912k), and creditors increased (£7,088k) mainly due to a higher level of deferred income.

Key performance indicators

	Actual (No.)	Target (No.)	Variance (No.)
Businesses engaged	3,158	1,700	1,458
Client engagements	48,143	59,965	(11,822)
Referrals to training /learning	24,227	28,667	(4,440)
Clients placed into work	19,296	23,694	(4,398)
Apprenticeship successes	606	1,064	(458)
Classroom-based successes	1,948	177	1,771
Study programme successes	867	1,063	(196)

SKILLS AND WORK SOLUTIONS LIMITED
STRATEGIC REPORT
For the year ended 31 March 2022

Going concern

The directors have reviewed a detailed re-forecast to March 2023 and weekly cashflow forecasts for the 12 month period from the date of signing these financial statements which includes the following assumptions; market intelligence and company track record has been used to shape relatively prudent estimates, adaptation of the business model to a digitalised approach, increased focus on the information security and cyber security as a growth area and the potential to utilise existing bank facilities should the need arise. As such the directors believe that they have a reasonable expectation that the company will be able to operate within its available resources and there will be sufficient funds to enable the company to continue as a going concern for the foreseeable future.

At the balance sheet date, the company has made a profit after actuarial gain/ (loss) on defined benefit pension schemes of £877k (2021: £702k) and has net liabilities of £4,518k (2021: £5,395k). The company is supported by its parent undertaking and fellow subsidiaries. Based upon this support and the expected profitability and cashflows of the group, the directors believe that it is appropriate to prepare the financial statements on a going concern basis.

As a result, the financial statements have been prepared on a going concern basis.

SKILLS AND WORK SOLUTIONS LIMITED
STRATEGIC REPORT
For the year ended 31 March 2022

Risks and Uncertainties

The Company considers risk management to be fundamental to good management practice and a significant aspect of corporate governance. Effective management of risk will provide an essential contribution towards the achievement of the Company's strategic and operational objectives and goals. Risk management is an integral part of the Company's decision making and routine management and is incorporated within the strategic and operational planning processes at all levels across the Company. Risk assessments are conducted on new ventures and activities, including projects, processes, systems and commercial activities to ensure that the risk profile is understood and can be managed. Any risks or opportunities arising from these assessments are identified, analysed and reported to the appropriate management level. The Group maintains a strategic risk register.

All Companies and operational areas maintain operational risk registers. The Group is committed to ensuring that all staff, particularly Directors and senior managers are provided with adequate guidance and training on the principles of risk management and their responsibilities to implement risk management effectively. The Group will regularly review and monitor the implementation and effectiveness of the risk management process, including the development of an appropriate risk management culture across the Group.

The register is monitored by the Senior Management Team at regular intervals and is also reviewed by the Audit Committee and main group Board. The following is not an exhaustive list from the register but highlights the main themes of risk which are considered to be currently facing the group.

Risk	Mitigation	Change in risk/uncertainty
Impact of economic uncertainty resulting from Covid-19 and inflationary pressures on revenue and the ability to deliver activity	<ul style="list-style-type: none"> • Dynamic financial modelling responsive to changes in government policy, commissioners' positions and commercial/economic environment. • Increased monitoring of supply chain ensuring continuity of provision and rapid response to shift to new suppliers or in-house if necessary. • Digitisation of delivery in all commercial and other client activity e.g., learning environment. • Ongoing monitoring of cashflow – regular short- and long-term forecasting, ongoing dialogue with finance providers, accessibility to short term finance if required. 	Reduced risk from impact of Covid-19 as delivery models have adapted to digital delivery and lessons learned from throughout pandemic. Increased risk from inflationary pressures
Reduction in EU funding for business support following the United Kingdom's departure from the EU	<ul style="list-style-type: none"> • EU funding has been secured for business support programmes to June 2023 with match funding now in place. Overall funding has reduced but activity will continue. 	Increased risk due to level of public funding available for business support post-June 2023.
Changes in national and local Government policy that may result in significant and detrimental changes	<ul style="list-style-type: none"> • GC is closely monitoring any changes to government policy which might have an impact on programme design, contracting arrangements or service delivery. 	Increased risk due to political and economic uncertainty regarding funding of national programmes and government's ability to repay Covid-19 national debt.
Loss of key members of staff and inability to attract new staff with necessary skills and experience	<ul style="list-style-type: none"> • Robust performance review system in place • IIP Silver Standard achieved • Star performance awards system in place • Mental health and wellbeing communication and processes increased as a result of Covid-19 	Increased risk with decreasing staff retention numbers due to candidate led market forcing higher salaries
Potential of cyber threats disrupting business operations and damaging reputation	<ul style="list-style-type: none"> • Move to Office 365 Cloud based solution • Improvement of firewalls and intrusion • Regular penetration testing and social engineering tests • Development of cyber security strategy • Continued Cyber Essentials accreditation 	Increased risk due to increased Russian cyber threats as a result of the war in Ukraine.

SKILLS AND WORK SOLUTIONS LIMITED
STRATEGIC REPORT
For the year ended 31 March 2022

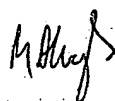
Risk Mitigation

All risks and mitigating actions are logged on a Risk Register, which is reviewed and updated every quarter, and presented to the Board for its consideration. Existing risks are removed when they have been appropriately mitigated, and new risks are added as they are identified. In addition, the diversity of funding streams across the group limits exposure from policy shifts.

Energy and Carbon Reporting

The energy and carbon reporting disclosures for the company are included within The Growth Company Limited's strategic report as they have taken the subsidiary exemption and therefore are not obliged to include the information in this report.

The report of the Board of Management was approved on 7 November 2022 and signed on its behalf by:



M. Hughes MBE
Director

SKILLS AND WORK SOLUTIONS LIMITED
DIRECTORS' REPORT
For the year ended 31 March 2022

The directors present their annual report and financial statements for the year ended 31 March 2022.

The directors have presented the future developments of the group within the Strategic Report.

Principal activities

The principal activity of the company continued to be that of operating Work Based Learning contracts through its Skills division (GC Education & Skills) and helping the long term unemployed back into employment, through its Works division (GC Employment).

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

M Hughes MBE
M Leeson
J Rimington

Results and dividends

The results for the year are set out on page 20.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Qualifying third party indemnity provisions

The company has made qualifying third-party indemnity provisions for the benefit of its directors during the year. These provisions remain in force at the reporting date.

Financial instruments

The board reviews the financial risk management of the company. The board's objective is to keep exposure to financial risk as low as possible. Consequently, the company does not invest in higher risk forms of investment and maintains surpluses in interest bearing deposit accounts.

Disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the company continues and that the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee involvement

The company's policy is to consult and discuss with employees, through unions, staff councils and at meetings, matters likely to affect employees' interests.

Information about matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the company's performance.

There is no employee share scheme at present, but the directors are considering the introduction of such a scheme as a means of further encouraging the involvement of employees in the company's performance.

Auditor

RSM UK Audit LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

SKILLS AND WORK SOLUTIONS LIMITED
DIRECTORS' REPORT
For the year ended 31 March 2022

Strategic report

The company has chosen in accordance with the Companies Act 2006, s414C(11), to set out in the company's strategic report, the information required by Large and Medium – sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch 7, to be contained in the directors' report. It has done so in respect of future developments and principal risks and uncertainties as the directors consider these to be of strategic importance to the company.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, each director has taken all the necessary steps that they ought to have taken as a director in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

Employee policy

The group places considerable value on the involvement of its employees and has continued its practice of keeping them informed on matters that affect them as employees and on various factors affecting the performance of the group. The group continues to develop its channels of communication with monthly face to face briefings, the use of the intranet and through dialogue with the Employee Consultative Committee. The group is an equal opportunities employer.

By order of the board



M Hughes MBE
Director

7 November 2022

SKILLS AND WORK SOLUTIONS LIMITED
DIRECTORS' RESPONSIBILITIES STATEMENT
For the year ended 31 March 2022

The directors are responsible for preparing the Strategic report, the Directors' 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 board have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit and loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements 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; and
- 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SKILLS AND WORK SOLUTIONS LIMITED FOR THE YEAR ENDED 31 MARCH 2022

Opinion

We have audited the financial statements of Skills and Work Solutions Limited (the 'company') for the year ended 31 March 2022 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

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

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SKILLS AND WORK SOLUTIONS LIMITED FOR THE YEAR ENDED 31 MARCH 2022

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.

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 16, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SKILLS AND WORK SOLUTIONS LIMITED FOR THE YEAR ENDED 31 MARCH 2022

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

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

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

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to the Education Inspection Framework under the Education Act 2005 (as amended), safeguarding under the Education Act 2002, and health and safety. We performed audit procedures to inquire of management and those charged with governance whether the company is in compliance with these law and regulations and inspected correspondence with regulatory authorities.

The audit engagement team identified the risk of management override of controls and revenue recognition as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to:

- Testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, assessing whether the judgements made in making accounting estimates are indicative of potential bias.
- Challenging judgements and estimates in the valuation of accrued and deferred income on contracts and testing a sample of revenue items to underlying contracts. We tested a sample of revenue transactions recognised either side of the reporting date to determine whether revenue was recorded in the correct period.

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

Use of our report

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

Hugh Fairclough

Hugh Fairclough (Senior Statutory Auditor)
For and on behalf of RSM UK AUDIT LLP, Statutory Auditor
Chartered Accountants
3 Hardman Street
Manchester
M3 3HF

Date: 14 November 2022

SKILLS AND WORK SOLUTIONS LIMITED
STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 March 2022

	Notes	2022 £'000	2021 £'000
TURNOVER	3	74,384	57,358
Other operating income	4	18	1,642
Other external expenses		(28,184)	(27,275)
Staff costs	5	(32,042)	(18,519)
Depreciation and amortisation	11, 12	(134)	(214)
Other operating expenses		(13,443)	(11,622)
Exceptional items	7	-	(271)
OPERATING PROFIT	8	599	1,099
Interest payable and similar expenses	9	(95)	(94)
PROFIT BEFORE TAXATION		504	1,005
Tax on profit	10	-	-
PROFIT FOR THE FINANCIAL YEAR		504	1,005
Actuarial gain/ (loss) on defined benefit pension schemes		373	(303)
TOTAL COMPREHENSIVE PROFIT FOR THE YEAR		877	702

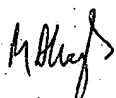
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SKILLS AND WORK SOLUTIONS LIMITED
STATEMENT OF FINANCIAL POSITION
For the year ended 31 March 2022

Company Registration No. 03918013

	Notes	2022 £'000	2021 £'000
FIXED ASSETS			
Intangible fixed assets	11	13	-
Tangible fixed assets	12	587	276
		<u>600</u>	<u>276</u>
CURRENT ASSETS			
Debtors falling due within one year	15	12,213	10,301
Cash at bank and in hand		9,240	3,859
		<u>21,453</u>	<u>14,160</u>
CREDITORS: amounts falling due within one year	16	<u>(22,092)</u>	<u>(15,004)</u>
NET CURRENT LIABILITIES		<u>(639)</u>	<u>(844)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		(39)	(568)
Provisions for liabilities	17	(223)	(150)
		<u>(262)</u>	<u>(718)</u>
Defined benefit pension liability	18	<u>(4,256)</u>	<u>(4,677)</u>
NET LIABILITIES		<u>(4,518)</u>	<u>(5,395)</u>
CAPITAL AND RESERVES			
Share capital	19	-	-
Profit and loss reserve	20	<u>(4,518)</u>	<u>(5,395)</u>
TOTAL DEFICIT		<u>(4,518)</u>	<u>(5,395)</u>

The financial statements were approved by the board of directors and authorised for issue on 7 November 2022 and are signed on its behalf by:



M Hughes MBE
Director

SKILLS AND WORK SOLUTIONS LIMITED
STATEMENT OF CHANGES IN EQUITY
For the year ended 31 March 2022

	Profit and loss reserve £'000
Balance at 1 April 2020	<u>(6,097)</u>
Year ended 31 March 2021	
Profit for the year	1,005
Other comprehensive income net of taxation:	
Actuarial loss on defined benefit plans	<u>(303)</u>
Total comprehensive income for the year	<u>702</u>
Balance at 31 March 2021	<u>(5,395)</u>
Year ended 31 March 2022	
Profit for the year	504
Other comprehensive income net of taxation:	
Actuarial gain on defined benefit plans	<u>373</u>
Total comprehensive income for the year	<u>877</u>
Balance at 31 March 2022	<u>(4,518)</u>

SKILLS AND WORK SOLUTIONS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2022

1. ACCOUNTING POLICIES

Company information

Skills and Work Solutions Limited ("the company") is a private company limited by shares and is registered, domiciled and incorporated in England and Wales. The registered office is Lee House, 90 Great Bridgewater Street, Manchester, M1 5JW.

The company's principal activities and nature of its operations are disclosed in the Directors' Report.

Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 in relation to Large and Medium Companies. The company has adopted the triennial review amendments to FRS102.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £'000.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

The company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group.

The company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 4 'Statement of Financial Position' — Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' — Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' — Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 'Related Party Disclosures' — Compensation for key management personnel.

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

Skills and Work Solutions Limited is a wholly owned subsidiary of The Growth Company Limited, which includes the company in its consolidated financial statements. Copies are available from its registered office at Lee House, 90 Great Bridgewater Street, Manchester, M1 5JW.

SKILLS AND WORK SOLUTIONS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2022

1. ACCOUNTING POLICIES (CONTINUED)

Going concern

The directors have reviewed a detailed re-forecast to March 2023 and weekly cashflow forecasts for the 12 month period from the date of signing these financial statements which includes the following assumptions; market intelligence and company track record has been used to shape relatively prudent estimates, adaptation of the business model to a digitalised approach, increased focus on the information security and cyber security as a growth area and the potential to utilise existing bank facilities should the need arise. As such the directors believe that they have a reasonable expectation that the company will be able to operate within its available resources and there will be sufficient funds to enable the company to continue as a going concern for the foreseeable future.

At the balance sheet date, the company has made a profit after actuarial gain/ (loss) on defined benefit pension schemes of £877k (2021: £702k) and has net liabilities of £4,518k (2021: £5,395k). The company is supported by its parent undertaking and fellow subsidiaries. Based upon this support and the expected profitability and cashflows of the group, the directors believe that it is appropriate to prepare the financial statements on a going concern basis.

As a result, the financial statements have been prepared on a going concern basis.

Turnover

Turnover is recognised at the fair value of the consideration received or receivable for services provided in the normal course of business and is shown net of VAT and other sales related taxes.

Turnover from contracts for the provision of services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably, based on three contract types;

- break-even contracts - income earned in relation to the spend in the period;
- monthly commissioner submissions – income earned based on monthly agreed submissions with third parties;
- outcome based contracts – income is accounted for based on activity delivered which determines eligibility to make a claim.

The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

The government grant income received during the current and previous year related to the government's Coronavirus Job Retention Scheme.

Where a grant does not specify performance conditions, it is recognised in income when the proceeds are received or receivable.

Exceptional items

The company has adopted an accounting policy and statement of comprehensive income format which seeks to highlight significant items of income and expense within the results for the year. The directors believe that this presentation provides a more helpful analysis as it highlights one off items, such as significant restructuring costs, profit or losses on disposal or termination of operations or leases and legal costs and settlements. The directors in assessing the particular items, which by virtue of their scale and nature are disclosed in the statement of comprehensive income and related notes as exceptional items, use judgement.

SKILLS AND WORK SOLUTIONS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2022

1. ACCOUNTING POLICIES (CONTINUED)

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Retirement benefits

For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

The cost of providing benefits under defined benefit plans is determined separately for each plan using the projected unit credit method and is based on actuarial advice.

The change in the net defined benefit liability arising from employee service during the year is recognised as an employee cost. The cost of plan introductions, benefit changes, settlements and curtailments are recognised as an expense in measuring profit or loss in the period in which they arise.

The net interest element is determined by multiplying the net defined benefit liability by the discount rate, taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments. The net interest is recognised in profit or loss as other finance revenue or cost.

Remeasurement changes comprise actuarial gains and losses, the effect of the asset ceiling and the return on the net defined benefit liability excluding amounts included in net interest. These are recognised immediately in other comprehensive income in the period in which they occur and are not reclassified to profit and loss in subsequent periods.

The net defined benefit pension asset or liability in the balance sheet comprises the total for each plan of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds), less the fair value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information, and in the case of quoted securities is the published bid price. The value of a net pension benefit asset is limited to the amount that may be recovered either through reduced contributions or agreed refunds from the scheme.

Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

SKILLS AND WORK SOLUTIONS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2022

1. ACCOUNTING POLICIES (CONTINUED)

Taxation

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

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

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

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

Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include trade and other debtors, amounts owed by group undertakings, prepayments and accrued income and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

SKILLS AND WORK SOLUTIONS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2022

1. ACCOUNTING POLICIES (CONTINUED)

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including trade and other creditors and amounts due to fellow group companies, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the company's contractual obligations are discharged, cancelled, or they expire.

Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Software	33% straight line
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Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost of assets less their residual values evenly over their useful lives on the following bases:

Leasehold improvements	10 years, or life of related lease
Fixtures and fittings	5 years, or life of related lease
Computers	3 years
Motor vehicles	3 years

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset and is credited or charged to profit or loss.

Fixed asset investments

Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

SKILLS AND WORK SOLUTIONS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2022

1. ACCOUNTING POLICIES (CONTINUED)

Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

Cash and cash equivalents

Cash and cash equivalents are basic financial instruments and include cash in hand, deposits held at call with banks and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

Provisions

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event, it is probable that the company will be required to settle that 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 reporting end date, 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. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

Equity instruments

Equity instruments issued by the company are recorded at the fair value of proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

SKILLS AND WORK SOLUTIONS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2022

2. JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount 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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

Pensions and other post-employment benefits

The cost of defined benefit pension plans is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long-term nature of these plans, such estimates are subject to significant uncertainty. In determining the appropriate discount rate, management consider the interest rate of corporate bonds with at least an AA rating. The mortality rate is based on publicly available information. Future salary increases are based on the expected future increases for the group. The directors have increased the pension liability for the October 2018 ruling on GMP (Guaranteed Minimum Pensions).

Dilapidations provision

The company has recognised provisions for dilapidations in the financial statements which requires management judgement. The judgements, estimates and associated assumptions necessary to calculate these provisions are based on historical experience and other reasonable factors. The amounts provided for at year end total £223k (2021: £150k), acknowledging all potential dilapidations against the portfolio of leases. The dilapidations costs that might arise at the end of the lease terms may differ from the estimate recognised in the meantime.

Recognition of income and costs

Management regularly review activity and make appropriate adjustments to accrue or defer income and expenditure based on the activities performed by the company during the period. The value of accrued income is £5,190k (2021: £5,086k) and the value of deferred income is £8,529k (2021: £4,263k). Actual outturns in the next period of account may differ. One of the major contracts requires significant judgement with regard to the recognition of the income. Following a contract variation, confirmed by the commissioner, a thorough analysis has been carried out. Judgement is applied when determining the period of which the delivery fee is recognised. The directors have concluded that the delivery fee should be recognised on a straight line basis over the referral period (36 months) as their best estimate of when entitlement to revenue arises under FRS 102 s23.

3. TURNOVER AND OTHER REVENUE

An analysis of the company's turnover is as follows:

	2022 £'000	2021 £'000
Turnover analysed by class of business		
Provision of services	74,384	57,358

The total income of the company for the year had been derived from its principal activity wholly undertaken in the United Kingdom.

SKILLS AND WORK SOLUTIONS LIMITED
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For the year ended 31 March 2022

4. OTHER OPERATING INCOME

	2022	2021
	£'000	£'000
Furlough grant income	18	1,635
Management recharge income	-	7
	<u>18</u>	<u>1,642</u>

The furlough grant income is received from the government's Coronavirus Job Retention Scheme.

5. EMPLOYEES

The average monthly number of persons (including directors) employed during the year was:

	2022	2021
	Number	Number
Operational	788	554
Administrative	113	79
	<u>901</u>	<u>633</u>

Their aggregate remuneration comprised:

	2022	2021
	£'000	£'000
Wages and salaries	28,329	16,231
Social security costs	2,313	1,334
Pension costs	1,400	954
	<u>32,042</u>	<u>18,519</u>

6. DIRECTORS' REMUNERATION

	2022	2021
	£'000	£'000
Remuneration for qualifying services	263	163
Company pension contributions to defined contribution schemes	22	14
	<u>285</u>	<u>177</u>

The costs of certain directors are borne by the ultimate holding company.

SKILLS AND WORK SOLUTIONS LIMITED
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For the year ended 31 March 2022

6. DIRECTORS' REMUNERATION (CONTINUED)

The highest paid director's remuneration was as follows:

	2022 £'000	2021 £'000
Remuneration for qualifying services	134	105
Company pension contributions to defined contribution schemes	12	11
	<u>146</u>	<u>116</u>

Two directors (2021: 2) have retirement benefits accruing under defined contribution schemes.

7. EXCEPTIONAL ITEMS

	2022 £'000	2021 £'000
Redundancy costs	<u>-</u>	<u>271</u>

In the previous year, a restructure of the team was carried out due to Covid-19, resulting in a reduction in staffing.

8. OPERATING PROFIT

	2022 £'000	2021 £'000
Operating profit is stated after charging:		
Furlough grant income	(18)	(1,635)
Depreciation of owned tangible fixed assets	131	214
Amortisation of intangible fixed assets	3	-
Auditor's remuneration		
- for audit services	26	25
- for non-audit services (tax advisory and compliance)	2	2
Operating lease rentals		
- land and buildings	<u>1,348</u>	<u>1,033</u>

9. INTEREST PAYABLE AND SIMILAR CHARGES

	2022 £'000	2021 £'000
Interest on defined benefit liability	<u>95</u>	<u>94</u>

SKILLS AND WORK SOLUTIONS LIMITED
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10. TAXATION

The total tax charge for the year included in the income statement can be reconciled to the profit before tax multiplied by the standard rate of tax as follows:

	2022 £'000	2021 £'000
Profit on ordinary activities before tax	504	1,005
Theoretical tax at 19% (2021: 19%)	96	191
Effects of:		
Expenditure not tax deductible	(96)	(191)
	<u>-</u>	<u>-</u>

11. INTANGIBLE FIXED ASSETS

	Computer Software £'000
Cost	
At 1 April 2021	-
Additions	16
At 31 March 2022	<u>16</u>
Amortisation	
At 1 April 2021	-
Charge for year	3
At 31 March 2022	<u>3</u>
Net carrying amount	
At 31 March 2022	<u>13</u>
At 31 March 2021	<u>-</u>

SKILLS AND WORK SOLUTIONS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2022

12. TANGIBLE FIXED ASSETS

	Leasehold improvements £'000	Fixtures and Fittings £'000	Computers £'000	Motor vehicles £'000	Total £'000
Cost					
At 1 April 2021	150	494	91	12	747
Additions	317	21	104	-	442
Reclassifications	437	(437)	-	-	-
At 31 March 2022	<u>904</u>	<u>78</u>	<u>195</u>	<u>12</u>	<u>1,189</u>
Depreciation					
At 1 April 2021	145	247	67	12	471
Charge for year	80	22	29	-	131
Reclassifications	225	(225)	-	-	-
At 31 March 2022	<u>450</u>	<u>44</u>	<u>96</u>	<u>12</u>	<u>602</u>
Net carrying amount					
At 31 March 2022	<u>454</u>	<u>34</u>	<u>99</u>	<u>-</u>	<u>587</u>
At 31 March 2021	<u>5</u>	<u>247</u>	<u>24</u>	<u>-</u>	<u>276</u>

The reclassification relates to the revision of the analyses between asset types.

13. FIXED ASSET INVESTMENTS

	Notes	2022 £	2021 £
Investments in subsidiaries	14	<u>1</u>	<u>1</u>

SKILLS AND WORK SOLUTIONS LIMITED
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For the year ended 31 March 2022

14. SUBSIDIARIES

Details of the company's subsidiaries at 31 March 2022 are as follows:

Name of undertaking	Nature of business	Class of shares held	% Held	
			Direct	Indirect
Aspire Recruitment Partnership Limited	Recruitment	Ordinary	100	-
Centre for Assessment Limited	Business support services	Ordinary	100	-
Chamberlink Limited	Business support services	Ordinary	100	-
Improvement Development Growth Limited	Business support services	Voting rights	100	-
IQC2 Limited ¹	Business support services	Voting rights	-	100

The registered office of all the above companies is Lee House, 90 Great Bridgewater Street, Manchester, M1 5JW.

¹ IQC2 Limited is wholly owned by Centre for Assessment Limited

15. DEBTORS

	2022 £'000	2021 £'000
Due within one year		
Trade debtors	1,495	981
Amounts owed by group undertakings	5,011	3,778
Other debtors	43	28
Prepayments and accrued income	5,664	5,514
	<u>12,213</u>	<u>10,301</u>

There is a provision for bad debts of £26k (2021 - £24k). The directors have considered these debts to be doubtful and have provided accordingly for what they consider the company's exposure to be.

Amounts owed by group undertakings are interest free and repayable on demand.

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022 £'000	2021 £'000
Trade creditors	1,466	873
Amounts owed to group undertakings	6,383	4,697
Taxation and social security	646	403
Other creditors	228	140
Accruals and deferred income	13,369	8,891
	<u>22,092</u>	<u>15,004</u>

Amounts owed to group undertakings are interest free and repayable on demand.

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17. PROVISIONS FOR LIABILITIES

Dilapidations	2022 £'000	2021 £'000
At 1 April	150	94
Charge to income and expenditure account	73	56
At 31 March	<u>223</u>	<u>150</u>

Deferred taxation

There is an unprovided deferred tax asset of £159k (2021: £1,408k) which relates to unutilised tax losses carried forward. The increase is due to a change in the tax treatment. This asset has not been recognised as its recoverability against future profits is currently uncertain.

There is also unprovided deferred tax asset of £91k (2021: £52k) in relation to defined benefit pension scheme. Deferred tax is not recognised as it is not probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

SKILLS AND WORK SOLUTIONS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2022

18. RETIREMENT BENEFIT SCHEMES

	2022	2021
	£'000	£'000
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>1,367</u>	<u>954</u>

The company operates a defined contribution pension scheme for all qualifying employees in the United Kingdom. The assets of the scheme are held separately from those of the company in an independently administered fund. Contributions totalling £225k (2021: £146k) were payable to the fund at the year end and are included in other creditors.

Defined benefit schemes

Skills and Work Solutions participate in the Greater Manchester Chamber Staff Pension Scheme (GMCS). The scheme provides benefits based on final pensionable pay and is now closed. The assets of the scheme are held separately from those of the company, being invested with an independent investment manager.

A full actuarial valuation of the GMCS was carried out by a qualified independent actuary as at 31 March 2019. The next triennial valuation will be carried out to 31 March 2022.

The current service costs are charged to operating expenditure and the net returns on assets are charged to net interest receivable in the profit and loss account. Actuarial gains and losses are recognised immediately in the statement of comprehensive income. Pension scheme liabilities are measured on an actuarial basis using a projected unit method and are discounted to their present value using an AA corporate bond rate. Pension scheme assets are valued at market value at the balance sheet date. The pension scheme deficit is recognised in full on the balance sheet.

The liability for the year ended 31 March 2022 reflects the expected increase in benefits and therefore liability as a result of the Guaranteed Minimum Pension ('GMP') equalisation between men and women which is required as a result of the removal of the Additional State Pension.

Assumptions as at 31 March	2022	2021
	% p.a	% p.a
Discount rate	2.60	2.10
Expected rate of increase of pension in payment	3.15	2.85
Expected return of salary increases	3.65	3.35

Mortality assumptions

Assumed life expectations on retirement at age 65:	2022	2021
	Years	Years
Retiring today		
- Males	86.8	86.5
- Females	89.2	88.5
Retiring in 20 years		
- Males	87.8	87.5
- Females	90.3	89.7

SKILLS AND WORK SOLUTIONS LIMITED
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For the year ended 31 March 2022

18. RETIREMENT BENEFIT SCHEMES (CONTINUED)

Amount recognised in the income statement:	2022 £'000	2021 £'000
Current service cost	33	28
Net interest on defined benefit liability	95	94
	<u>128</u>	<u>122</u>
Total costs	128	122
Amount taken to other comprehensive income:	2022 £'000	2021 £'000
Actual return on scheme assets	(41)	(362)
Less calculated interest element	92	88
	<u>51</u>	<u>(274)</u>
Return on scheme assets excluding interest income	51	(274)
Actuarial changes related to obligations	(424)	577
	<u>(373)</u>	<u>303</u>
Total (income)/ costs	(373)	303

The amounts included in the statement of financial position arising from the company's obligations in respect of defined benefit plans are as follows:

	2022 £'000	2021 £'000
Present value of defined benefit obligations	8,645	9,080
Fair value of plan assets	<u>(4,389)</u>	<u>(4,403)</u>
	<u>4,256</u>	<u>4,677</u>
Deficit in scheme	4,256	4,677
Movement in the present value of defined benefit obligations:	2022 £'000	2021 £'000
Opening defined benefit obligation	9,080	8,400
Current service cost	33	28
Benefits paid	(231)	(153)
Actuarial gains and losses	(424)	577
Interest cost	<u>187</u>	<u>228</u>
	<u>8,645</u>	<u>9,080</u>
Closing defined benefit obligation	8,645	9,080

The defined benefit obligations arise from plans which are all wholly unfunded.

SKILLS AND WORK SOLUTIONS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2022

18. RETIREMENT BENEFIT SCHEMES (CONTINUED)

Movement in the fair value of plan assets:	2022	2021
	£'000	£'000
Fair value of plan assets at 1 April	4,403	4,024
Interest income	92	88
Return on plan assets (excluding amounts included in net interest)	(51)	274
Benefits paid	(231)	(153)
Contributions by the employer	176	170
	<u>4,389</u>	<u>4,403</u>
Fair value of plan assets at 31 March		
	<u>4,389</u>	<u>4,403</u>
The analysis of the scheme assets at the reporting date were as follows:	2022	2021
	£'000	£'000
Equity instruments	2,779	2,897
Property	106	89
Bonds	1,428	1,349
Cash	76	68
	<u>4,389</u>	<u>4,403</u>

19. SHARE CAPITAL

Issued and fully paid	2022	2021
	£	£
20 Ordinary A share of £1 each	20	20
80 Ordinary B share of £1 each	80	80
	<u>100</u>	<u>100</u>

All shares ranked pari-passu in all respects but constitute separate classes of shares.

Ordinary share rights

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

20. RESERVES

Profit and loss reserves

The income and expenditure account includes all current and prior period retained profits and losses, net of dividends paid.

SKILLS AND WORK SOLUTIONS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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21. FINANCIAL COMMITMENTS, GUARANTEES AND CONTINGENT LIABILITIES

The group's bankers, National Westminster Bank Plc, hold an unlimited intercompany guarantee dated 2 December 2014 between The Growth Company Limited and the following companies: Chamberlink Limited, Skills and Work Solutions Limited, GM Business Support Limited, Improvement Development Growth Limited, Centre For Assessment Limited, The North West Apprenticeship Company Limited, IQC2 Limited, Aspire Recruitment Partnership Limited, Marketing Manchester, Employment and Regeneration Partnership Limited, TMI Practitioner Services Limited.

The group's bankers, National Westminster Bank Plc, hold a composite guarantee dated 11 April 2019 between The Growth Company Limited and the following companies: Chamberlink Limited, Skills and Work Solutions Limited, GM Business Support Limited, Improvement Development Growth Limited, Centre For Assessment Limited, The North West Apprenticeship Company Limited, IQC2 Limited, Aspire Recruitment Partnership Limited, Marketing Manchester, Employment and Regeneration Partnership Limited, TMI Practitioner Services Limited.

The total potential liability of the company in relation to this composite guarantee at 31 March 2022 is £1,210k (2021: £1,355k).

22. OPERATING LEASE COMMITMENTS

Lessee

At the reporting end date, the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2022 £'000	2021 £'000
Leases expiring:		
Within one year	144	98
Between one and five years	91	51
	<u>235</u>	<u>149</u>

23. RELATED PARTY TRANSACTIONS

In preparing these financial statements, the directors have taken advantage of the exemptions available under section 33, paragraph 1a of the Financial Reporting Standard 102, and have not disclosed transactions entered into between undertakings that are wholly owned within the group.

During the year, the company made contributions to the Greater Manchester Chamber of Commerce and Chamberlink pension scheme, who have a senior director in common to the company. As described in note 18, the net deficit of the Greater Manchester Chamber Staff Pension Scheme at year end was £4,256k (2021: £4,677k).

The company entered into transactions with the Greater Manchester Chamber of Commerce. All transactions were made at arm's length. During the year, the total amount charged to the company was £15k (2021: £95k) and the total amount owed to related parties at year end is £nil (2021: £nil).

The company also entered into transactions with Salford City Council, a related party by virtue of common directors. All transactions were made at arm's length. During the year, the total amount charged to the company was £49k (2021: £15k) and the total amount owed to related parties at year end is £22k (2021: £17k). The total amount charged by the company was £341k (2021: £270k) and the amount owed by related parties at year end is £129k (2021: £11k).

SKILLS AND WORK SOLUTIONS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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24. ULTIMATE CONTROLLING PARTY

The company's immediate parent company, ultimate parent undertaking and controlling party is The Growth Company Limited (company number 02443911), a company registered in England and Wales, which includes the company in its consolidated financial statements.

The Growth Company Limited (company number 02443911) is the ultimate parent and is the smallest and largest group for which consolidated accounts, including Skills and Work Solutions Limited, are prepared. Copies of the consolidated financial statements are available from its registered office at Lee House, 90 Great Bridgewater Street, Manchester, M1 5JW.