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Instructus

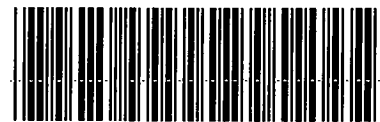
Annual Report and Financial Statements

31 March 2013

Company No: 03235481

Charity No: 1095809

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Contents

No.	Detail	Page
1	Regulatory information	3
2	Trustees' report	4
3	Introduction	4
4	Historical development	4
5	Vision	5
6	Charitable objective	5
7	Purpose	5
8	Strengths and core competencies	5
9	Business management and continuous improvement	5
10	Group achievements	6 - 7
11	Financial review	8
12	Reserves policy	8
13	Risk management	8
14	Future plans	8
15	Governance	9
16	Statement of trustees' responsibilities	9
17	Delegation of powers	10
18	Independent auditor's report	11 - 12
19	Statement of financial activities	13
20	Balance sheet	14
21	Notes to the financial statements	15 - 27

Status: The organisation is a charitable company limited by guarantee, incorporated on 8 August 1996.

Governing Document: The company was established under a memorandum of association which established the objects and powers of the charitable company and is governed under its articles of association. The charitable company became a registered charity on 4 February 2003. The memorandum of association changed after 2002.

Company Number: 03235481

Charity Number: 1095809

Registered Office: 6 Graphite Square
Vauxhall Walk
London
SE11 5EE

Trustees: K Woodward
J Beine
C Wilson
N Hopkins

Chief Executive Officer: D Holland

Company Secretary: M Cooke

Bankers: Unity Trust Bank Plc
Nine Brindleyplace
Birmingham
B1 2HB

Solicitors: Freeth Cartwright LLP
Cumberland Court
80 Mount Street
Nottingham
NG1 6HH

Auditors: Kingston Smith LLP
Devonshire House
60 Goswell Road
London
EC1M 7AD

Trustees' Report for 2012/13

The Trustees present their statutory report together with the consolidated financial statements of Instructus (previously the Council for Administration) and its subsidiaries for the year ended 31 March 2013.

The report has been prepared in accordance with the Charities Act 2011 and equates to a directors' report for the purpose of company legislation.

The financial statements have been prepared in accordance with the accounting policies of the attached financial statements and comply with the charitable company's memorandum and articles of association, applicable laws and the requirements of Statement of Recommended Practice "Accounting and Reporting by Charities" (SORP 2005).

Introduction

Instructus is a registered charity in England and Wales. It is the parent company of two other educational charities: Skills CFA (CFA) and the Institute for Administrative Management (IAM).

Historical development

The CFA was launched in 1996 as the lead body for business and administration. By 2003 it was under threat from the introduction of national training organisations. Efforts for survival were concentrated on winning work from a wider client group, and by broadening its activities, so threats were managed and risks minimised. As part of this strategy the CFA became the sole member of the Institute of Administrative Management (IAM) in 2007 and the Institute of Qualified Professional Secretaries (IQPS), renamed the Institute of Professional Administrators (IPA), in 2008. The next two years saw large investment in reorganising the IAM and IPA. For the IAM this included recruiting new staff, building new systems, improving the qualification offer and designing more competitive products for the Qualification and Credit Framework (QCF). For the IPA focus was placed on building a completely revised offer for its members, appointing a regional co-ordinator team of volunteers, running quarterly events, improving the communications model and promoting career development opportunities for a wider range of professional administrators.

During 2009 the CFA reviewed its governance and a group structure was implemented in 2010 to strengthen governance for the regulated charities within the group. This resulted in CFA being renamed and rebranded as Skills CFA with a new charity incorporated for this purpose. Instructus remained the sole member of CFA, IAM and IPA.

In 2010 Instructus passed ownership of the IPA to IAM and in 2011 the IAM launched a new sector institute for professional administrators, administrative managers and their leaders, incorporating both the old IAM and IPA.

IAM – Discontinued Operations from December 2013

The Institute of Administrative Management (IAM) is the oldest management Institute in the UK having inspired professional business managers and administrators since 1915.

The IAM had a strong focus on international students with a good reputation abroad for attracting overseas students into the UK to study. IAM specialised in a niche area relating to level 4 and 5 business and administration qualifications, and was a small to medium sized player in a crowded market with some notable larger awarding organisations dominating the landscape.

UKBA rules and caps on student numbers allowed into the UK and ability to work in the UK whilst studying relating to the government's anti-immigration stance severely reduced the amount of students that could

study at many IAM centres. Many IAM centres went out of business, which ultimately had a substantial knock-on effect on the IAM's ability to continue. The IAM has entered into liquidation and ceased trading from December 2013. The effect on the group in the financial statements for the year ended 31 March 2013 is £940,943. The total effect on the group is laid out in note 25.

Vision

The vision of the group is to promote excellence in business education.

Charitable objective

Our charitable objective is to advance education by the promotion of training and skills in business and relevant disciplines, in particular by the development of qualifications and training based on national standards. The Trustees have complied with the duty in section 17 of the Charities Act 2011 to have due regard to public benefit guidance published by the Commission.

Purpose

Instructus has two main purposes: to broaden and enhance the business education footprint of the group by judicial investment and influence; and provide group services to the CFA (Continuing Operations) and IAM (Discontinued Operations). These include bespoke operational services for each charity, as well as finance, business development, marketing and communication services.

Strengths and core competencies

The Instructus group is one of the most inspirational groups of business educational charities in the UK. Its core competencies are:

- Research and development
- Project management
- Standards, qualifications and apprenticeship framework design
- Customer service and stakeholder engagement, systems and processes.

Business management and continuous improvement

Instructus business management (Continuing Operations)

The Instructus charity model is based on its primary activities of (1) providing operations, finance, business development, marketing and communications services to the CFA (Continuing Operations) and IAM (Discontinued Operations), (2) developing a stronger and more influential footprint in the business education sector for the public benefit.

CFA business management (Continuing Operations)

CFA's charity model is based on its primary activities of (1) research and development, (2) certification services and (3) learning services. These functions are supported by Instructus teams in operations, business development, finance, marketing and communications; and external partnerships with TUC, major professional bodies and trade associations.

IAM business management (Discontinued Operations)

IAM's charity model is based on its primary activities of (1) registering centres, (2) awarding qualifications and (3) providing professional body services to its members. These functions are supported by Instructus teams in operations, business development, finance, marketing and communications.

Group continuous improvement

The focus on continuous improvement is facilitated by the integration of financial management, business development, customer service, risk management and performance management into trustee reporting and evaluation cycles. These also inform our annual self-assessment processes for regulator approved awarding organisations, issuing apprenticeship frameworks, submitting units and rules of combination for qualifications, IIP, ISO 9001 and being an ACCA recognised employer.

In November 2014 Instructus acquired the Institute of Paralegals (IOP). This was a strategic acquisition of a professional body with large growth potential. This strategic decision was taken having considered the loss of the IAM professional body.

2012/13 group achievements

During the year in question Instructus concentrated on two major activities: providing business services to CFA and IAM, and searching for acquisition and merger opportunities.

Instructus provided both CFA and IAM with bespoke operations, finance, marketing and communication services.

CFA achievements (Continuing Operations)

- Five suites of National Occupational Standards were reviewed in Languages, the Prevention and Management of Violence in the Workplace, Marketing, Business & Administration, and Customer Service.
- New National Occupational Standards for the Management of Corporate Governance Risk.
- 14 New Apprenticeship frameworks were Issued for England and Wales, covering Recruitment; Project Management; Human Resource Management; Public Relations; Business Innovation & Growth; Court, Tribunal & Prosecution Operations; Social Media & Digital Marketing; Management; and Hospitality Management.
- 13 Apprenticeship frameworks were re-issued, covering Sales & Telesales; Marketing; Enterprise; Management; Contact Centre Operations; Business & Administration; and Customer Service
- Two Modern Apprenticeship frameworks were revised in Scotland, covering Business & Administration and Management
- A new Modern Apprenticeship in Sales was developed, and a merged Modern Apprenticeship framework in Customer Service and Contact Centre Operations was commenced.
- National Qualifications in Recruitment; Project Management; Human Resource Management; Public Relations; Business Innovation & Growth; Management & Team Leading; Business & Administration; Customer Service; and Sales were either led by, or supported by CFA.
- CFA supported the accreditation of 498 qualifications, ranging from Level 1 to Level 7.
- Consultations covering the Richard Review of Apprenticeships; the Government review of Higher Apprenticeships; a review of the participation age of study in England; the government consultation on Traineeships; and the review of Vocational Qualifications in Wales were all responded to by CFA.
- CFA represented the UK in Europe on the European Credit system for Vocational Education and Training (ECVET) Trust and European Skills, Competences and Occupations (ESCO) projects, and worked on facilitating translation student's work experience placements across Europe as part of the European Graduate Placement Scheme project. Study visits to India and Kuwait also took place.

- Over 150,000 learners started a Skills CFA-developed apprenticeship, supporting the development of skills for the current and future workforce significantly.
- 74,743 pan-sector apprenticeship certificates were issued in England and Wales
- 4,588 apprentices were registered in Scotland and 2,508 apprenticeship certificates were issued in Scotland
- A national conference was held in Birmingham to support best practice in apprenticeship training, attracting 100 delegates.
- CFA exhibited and presented at several exhibitions and conferences across the UK to promote the value of vocational education and parity of esteem between vocational and academic education.
- 1,478 books were distributed to UK centres to support Business and Administration learning by both learners and trainers.
- 10,482 queries were responded to throughout the year from a range of stakeholders.

IAM achievements (Discontinued Operations)

- Undertook an Internal restructuring in December 2012 against the background of a very challenging and volatile business environment which led to roles and responsibilities being realigned and new governance arrangements put in place to support new business requirements.
- Across the organisation work continued on improving our internal IT infrastructure including significant investment made to connect our customer relationship management and finance systems.
- Undergone a complete revision of our website which is due for re-launch in the next financial year.
- Reviewed, and as appropriate revised, all of awarding policies and procedures to ensure compliance with the regulators' revised Conditions of Recognition.
- An on-site investigation was carried out by Ofqual in December 2012 - new arrangements for quality assurance and systems audit visits have been implemented.
- Governance arrangements have also been revised with a new QAAC committee and Education Committee now implemented.
- Continued to develop new working arrangements with a number of suppliers including CIPFA, ARMA and ELC.
- Introduced a new endorsement scheme and have approved programmes now publicised for Your Excellency and DarsNameh.com
- Introduced alternative assessments for the Mandatory elements of the Level 4 and 5 Diplomas in Business and Administrative Management.
- Successful graduation ceremonies were held in London and Nottingham for IAM graduates.
- Strengthened the quality of membership benefits and offers available to our members.
- Re-launched our Institute magazine with a new publisher. This included the provision of a new magazine website and digital app.
- New jobsite aimed at all office professionals.
- New mobile enabled e-Digest replaced our monthly newsletters with a weekly update on our news, content and events (from January 2013).
- Held a series of regional events across the breadth of the UK
- Improved considerably our social media activities.

Unfortunately these activities were not robust enough to warrant further investment from charitable funds and IAM's activities were discontinued as from December 2013.

Financial review

Results for the year

Total incoming resources for the year were £4,911,936, an increase of £807,393 from 2012. Similarly, total resources expended have increased from £3,241,139 in 2012 to £4,999,016 this year. The resulting deficit of £87,080 has been taken to reserves.

The balance sheet shows total unrestricted funds of £2,593,502. The charity's subsidiaries, IAM, CFA and IOP made a deficit and surplus of (£632,069), £624,309 and (£111,160) respectively in the year.

Reserves policy

The charity's Trustees review the reserves policy from time to time. At the last review in 2010 the Trustees examined the requirements for free reserves, i.e. those unrestricted funds not designated for specific purposes or otherwise committed, and approved the level of free reserves should be up to three times the full operating costs and financial commitments for any one year. At 31 March 2013 unrestricted general funds totalled £2,593,502 (2012- £2,442,506).

Risk management

The charity has considered the major risks to which it is exposed, as identified by the Trustees. These have been reviewed and systems and procedures have been established to mitigate those risks. The trustees will continue to review and identify risks on an on-going basis.

Future plans

The subsequent year has presented serious challenges to the Instructus group. The liquidation of IAM meant a loss of £940k was made in an attempt to support and turn-around the awarding body. Also fundamental changes to the Apprenticeship system being made by Government meant that future funding for creating and maintaining standards in Skills CFA has reduced dramatically.

Strategically, plans for the Instructus group to deal with these challenges include;

- Diversification – moving away from dependency on government funded projects via acquisition and organic internal development and moving into the consultancy/training sphere in our related areas of expertise.
- Rationalisation – to reduce team sizes and overheads to become more efficient and match the projected income streams.

Many of these plans have already been implemented at the time of signing these accounts.

Instructus plans to develop the Institute of Paralegals. Currently paralegals represent the unrecognised, fragmented 4th arm of the legal sector, however there are an estimated 220,000 paralegals in the UK and 6,500 paralegal companies, compared to 10,000 legal firms. The aim is to grow membership from the current base of 650 members to 10,000 members over the next 5 years by adding standards, mapping qualifications, professionalising and setting out codes of conduct and ethics for paralegals. One of the first steps will be to seek further acquisition or partnership for joint ventures with other paralegal bodies.

Governance

The structure of the group has been designed to ensure total independence of each charity and provide robust governance within and across the group of charities. Instructus is the sole member of both the CFA and IAM. Each charity has its own independent board of trustees.

Constitution

Instructus is a registered charity (Charity No: 1095809) and a company limited by guarantee (Company No: 03235481). Instructus is incorporated in England and Wales.

Trustees

The trustees of the charitable company constitute directors of the charity for the purposes of the Companies Act and other company legislation. The following trustees were in office at 31 March 2013, and served throughout the year:

David Holland, Chair	resigned 17 May 2013
Kathy Woodward	Chair appointed 17 May 2013
Jane Beine	
Charles Wilson	
Nigel Hopkins	appointed 1 December 2013

Instructus has robust recruitment, induction, appraisal and training processes in place for all trustees. Trustees receive monthly reports on operations, human resources, risks and finance. Financial governance is a top priority for trustees: the Instructus chair holds monthly finance meetings with the executive team where performance is reviewed, targets are agreed, and financial governance is scrutinised to minimise risks and maximise income potential. Trustees meet every two months for board meetings and once a year to agree the strategic direction of Instructus over the ensuing three year period. All group trustees are appointed by the Instructus board. All Instructus, CFA and IAM trustees are members of Instructus.

Statement of Trustees' Responsibilities

The trustees (who are also directors of Instructus for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice.)

Company law required trustees to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period. In preparing these financial statements, the trustees are required to:

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

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

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

This confirmation is given, and should be interpreted in accordance with the provisions of the Companies Act.

Delegation of powers

The Instructus trustees delegate operational powers to the chief executive who is responsible for implementing the strategies and operating the charity. Instructus has an executive management team who report monthly to the chief executive.

Approved by the trustees and signed on their behalf by:



J Beine
Trustee

Date: 01.07.14

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND TRUSTEES OF INSTRUCTUS LIMITED

We have audited the financial statements of Instructus Limited for the year ended 31 March 2013 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Charity Balance Sheets and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and, in respect of the consolidated financial statements, to the charity's trustees, as a body, in accordance with Chapter 3 of Part 8 of the Charities Act 2011. Our audit work has been undertaken so that we might state to the charitable company's members and trustees those matters which 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 any party other than the charitable company, the charitable company's members, as a body, and the charity's trustees, as a body, for our audit work, for this report, or for the opinion we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the Trustees' Responsibilities Statement the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed as auditor under the Companies Act 2006 and section 151 of the Charities Act 2011 and report in accordance with those Acts. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition we read all the financial and non-financial information in the Trustees report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 March 2013 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities Act 2011.

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 and the Charities Act 2011 require us to report to you if, in our opinion:

- the parent charitable company has not kept adequate and sufficient accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company's financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the Trustees' Annual Report.

Kingston Smith LLP

Shivani Kothari (Senior Statutory Auditor)
for and on behalf of Kingston Smith LLP, Statutory Auditor

Devonshire House
60 Goswell Road
London
EC1M 7AD

2nd July 2014

Kingston Smith LLP is eligible to act as auditor in terms of Section 1212 of the Companies Act 2006.

Consolidated Statement of Financial Activities
(incorporating the Income and Expenditure account)
For the year ended 31st March 2013

	Note	Unrestricted Funds £	Restricted Funds £	Total 2013 £	Total 2012 £
Income and Expenditure					
Incoming Resources					
<i>Incoming resources from charitable activities</i>					
Continuing Operations:					
Promotion of training and skills	1	3,597,100	-	3,597,100	2,615,799
Professional body activities	2	144,277	-	144,277	-
Discontinued Operations:					
Professional body activities	3	381,303	-	381,303	360,036
Awarding body activities	4	775,208	-	775,208	1,128,708
<i>Incoming Resources from Generated Funds</i>					
Investment Income – Bank Interest		14,048	-	14,048	-
Total Incoming Resources		4,911,936	-	4,911,936	4,104,543
Resources Expended					
<i>Charitable activities</i>					
Continuing Operations:					
Promotion of training and skills	5	2,995,674	-	2,995,674	1,787,132
Professional body activities	6	59,284	-	59,284	-
Discontinued Operations:					
Awarding body and professional body activities	7	1,884,997	-	1,884,997	1,391,011
<i>Cost of charitable activities</i>					
Governance Costs	8	59,061	-	59,061	62,996
Total Resources Expended		4,999,016	-	4,999,016	3,241,139
Net Movement in Funds – Continuing operations		641,406	-	641,406	765,671
Net Movement in Funds – Discontinued operations	25	(728,486)	-	(728,486)	97,733
Reconciliation of funds:					
Net (Expenditure)/Income		(87,080)	-	(87,080)	863,404
Total funds brought forward		2,680,582	-	2,680,582	1,817,178
Total funds carried forward	21	2,593,502	-	2,593,502	2,680,582

The charity has no recognised gains and losses other than those shown above and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the net movement in funds stated above, and the historical cost equivalent.

Consolidated and Charity Balance Sheets as at 31 March 2013

	Notes	Group 2013 £	Group 2012 £	Charity 2013 £	Charity 2012 £
Fixed Assets					
Tangible	15a	388,514	448,168	388,514	446,252
Intangible	16a	196,152	272,219	-	-
Investment In Subsidiary Company	17	<u>2</u>	<u>25,002</u>	<u>110,000</u>	<u>-</u>
		584,669	745,389	498,514	446,252
Current Assets					
Tangible	15b	917	-	-	-
Intangible	16b	60,000	-	-	-
Stock		3,333	5,975	-	-
Debtors	18	769,140	885,511	132,537	64,990
Cash at bank and in hand		<u>1,872,870</u>	<u>1,763,901</u>	<u>32,745</u>	<u>566,228</u>
		2,706,260	2,655,387	165,282	631,218
Creditors: Amounts falling due within one year	19	<u>(697,427)</u>	<u>(720,194)</u>	<u>(237,027)</u>	<u>(89,901)</u>
Net Current Assets/(liabilities)		2,008,833	1,935,193	(71,745)	541,317
Debtors: Amounts falling due after one year	18	<u>-</u>	<u>-</u>	<u>-</u>	<u>223,859</u>
Net Assets	21	<u><u>2,593,502</u></u>	<u><u>2,680,582</u></u>	<u><u>426,769</u></u>	<u><u>1,211,428</u></u>
Represented by:					
Unrestricted Funds					
Designated funds	20	-	240,000	-	-
General funds		<u>2,593,502</u>	<u>2,442,506</u>	<u>426,769</u>	<u>1,211,428</u>
	21	<u><u>2,593,502</u></u>	<u><u>2,680,582</u></u>	<u><u>426,769</u></u>	<u><u>1,211,428</u></u>

Approved by the trustees and signed on their behalf by:

J Beine
Trustee



Date: 01.07.14

Company number: 3235481

The accompanying notes form an integral part of these financial statements.

Notes to the Financial Statements for the year ended 31st March 2013

Principle Accounting Policies

Basis of accounting

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

Basis of Consolidation

The statement of financial activities and balance sheet consolidate the accounts of the charity and its subsidiary undertakings, Institute of Administrative Management, Skills CFA and Institute of Paralegals, made up to the balance sheet date. The Institute of Paralegals are exempt from audit and the transactions are immaterial to the group and therefore have not been audited. Intragroup transactions are eliminated in full.

No separate statement of financial activities has been presented for Instructus alone, as permitted by section 408 of the Companies Act 2006 and paragraph 397 of SORP 2005. The deficit for Instructus for the year is £784,659.

Incoming resources

Contract income is recognised for the period in which it is earned.

Income from registration fees, events and the sale of publications and certificates consists of the invoiced value for the period.

Members', students' subscriptions and application and examination fees are credited to incoming resources in the year it is received.

Income from accreditation, validation and other income is recognised when the charity has earned the income.

Income from investments is included in the year in which it is receivable.

Resources Expended

Resources expended are included in the Statement of Financial Activities on an accruals basis, inclusive of any VAT which cannot be recovered.

Resources expended comprise the following:

- a) The costs of charitable activities comprise expenditure on the charity's primary charitable purposes as described in the trustees' report.
- b) Governance costs are costs associated with the governance of the charity and its assets. Included within this category are costs associated with the strategic, as opposed to day-to-day, management of the charity's activities.
- c) Support costs are allocated to the activities they are supporting on the basis of the time spent on each activity.

Tangible Fixed Assets and Depreciation

All assets costing more than £1,000 and with an expected useful life exceeding one year are capitalised. Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life:

- Fixtures, fittings and equipment - 20% on cost
- Computer equipment - 25% on cost

Intangible fixed assets and amortisation

Intellectual property represents amounts expended on the development of examinations including study guides and course materials, expected to generate future incoming resources. Amortisation is provided at 20% on cost in order to write off the asset over its estimated useful life.

Goodwill is written off in equal annual instalments over its estimated useful life of 20 years.

Stock

Stock is valued at the lower of cost and net realisable value.

Pensions

The charity operates a defined contribution pension scheme. The pension costs charged in the financial statements represent the contribution payable by the charity during the year.

Funds:

Unrestricted funds

General funds represent those monies which are freely available for application towards achieving any charitable purpose that falls within the charity's charitable objects.

Designated funds represent funds earmarked by the Trustees for a particular purpose.

Leased Assets

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged on a straight-line basis over the lease term.

Foreign Currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the average rate of exchange during the year. Exchange differences are taken into account in arriving at the net movement in funds.

Cash Flow

The financial statements do not include a cash flow statement because the company, as a small reporting entity, is exempt from the requirement to prepare such a statement under Financial Reporting Standard 1 "Cash flow statements".

1 Promotion of Training and Skills – Continuing Operations

	Total Unrestricted Funds 2013 £	Total Unrestrict ed Funds 2012 £
<i>Instructus and Skills CFA</i>		
Income from activities for generating grants and contract income	1,658,399	972,973
Registration and certification fees	1,891,288	1,574,647
Publications, events, related products and services	47,413	68,179
	<u>3,597,100</u>	<u>2,615,799</u>

2 Professional Body Activities – Continuing Operations

	Total Unrestricted Funds 2013 £
<i>The Institute of Paralegals</i>	
Subscriptions	34,277
Other	110,000
	<u>144,277</u>

3 Professional Body Activities – Discontinued Operations

	Total Unrestricted Funds 2013 £	Total Unrestricted Funds 2012 £
<i>Institute of Administrative Management</i> Subscriptions	<u>381,303</u>	<u>360,036</u>

4 Awarding Body Activities – Discontinued Operations

	Total Unrestricted Funds 2013 £	Total Unrestricted Funds 2012 £
<i>Institute of Administrative Management</i> Examination fees	547,365	822,872
Accreditation and validation	198,633	252,189
Other income	29,210	53,647
	<u>775,208</u>	<u>1,128,708</u>

5 Promotion of Training and Skills - Continuing Operations

	Total Unrestricted Funds 2013 £	Total Unrestricted Funds 2012 £
<i>Instructus and Skills CFA</i> Staff costs	1,043,097	756,576
Contract costs	580,305	411,786
Registration and certificate fees	747,820	160,430
Publication, events, related products and services	32,880	32,956
Bad debt expense	39,193	-
Legal and professional fees	33,062	53,055
Staff training	18,529	12,913
Recruitment costs	55,623	28,983
Premises costs	88,828	58,218
Promotion and publicity	87,385	79,164
Depreciation	66,994	31,739
Irrecoverable Vat	99,345	98,887
Other expenditure	102,613	62,425
	<u>2,995,674</u>	<u>1,787,132</u>

6 Professional Body Activities - Continuing Operations

	Total Unrestricted Funds 2013 £
<i>Instructus and Institute of Paralegals</i>	
Subscriptions	32,387
Finance costs	446
Telephone, postage and stationary	1,641
Premises costs	351
Promotion and publicity	2,072
IT & software costs	592
Amortisation	21,795
	<u>59,284</u>

7 Awarding Body and Professional Body Activities – Discontinued Operations

	Total Unrestricted Funds 2013 £	Total Unrestricted Funds 2012 £
<i>Instructus and Institute of Administrative Management</i>		
Staff costs	807,709	658,950
Subscriptions	117,120	51,614
Bad debt expense	73,735	8,750
Examinations	178,874	226,896
Accreditation and validation	30,650	8,572
Finance costs	8,620	10,452
Telephone, postage and stationary	27,223	25,379
Consultancy	24,386	57,093
Cost of sale of study materials	880	9,671
Promotion and publicity	41,798	70,384
Depreciation	107,907	116,929
Impairment of the intellectual property	160,370	-
Irrecoverable Vat	94,092	60,760
Support costs	85,562	62,560
IT & Software costs	119,774	17,971
Other staff team expenses	6,299	5,030
	<u>1,884,999</u>	<u>1,391,011</u>

8 Governance Costs

	Total Unrestricted Funds 2013 £	Total Unrestricted Funds 2012 £
<i>Instructus (Charity)</i>		
Trustees remuneration	6,500	6,500
Audit and Legal & professional fees	20,298	6,800
Trustee meetings	16,500	14,990
Trustee recruitment costs	-	10,525
	<u>43,298</u>	<u>38,815</u>

All the Governance Costs above are recharged to the subsidiaries Skills CFA(Continuing Operations) and IAM (Discontinued Operations)

Instructus (Group)

Trustees remuneration	6,500	6,500
Audit and Legal & professional fees	32,821	26,300
Trustee meetings	18,768	18,834
Trustee recruitment costs	-	10,525
Other trustee expenses	972	837
	<u>59,061</u>	<u>62,996</u>

9 Net Incoming Resources for the Year

This is stated after charging:

	Total Unrestricted Funds 2013 £	Total Unrestricted Funds 2012 £
Staff costs (note 10)	1,516,411	1,195,086
<i>Auditors' remuneration</i>		
Statutory audit services	20,821	26,300
Other professional costs	3,677	-
Depreciation	148,201	148,668
Operating leases	21,191	17,464
Amortisation	21,795	-

10 Staff Costs

Staff costs during the year were as follows:

	Total 2013 £	Total 2012 £
Charity		
Wages and salaries	690,091	560,418
Social security	63,585	55,375
Other pension costs	44,161	49,002
Severance costs	101,677	-
	<u>899,514</u>	<u>664,795</u>

All the Staff Costs above are recharged to the subsidiaries Skills CFA (Continuing Operations) and IAM.(Discontinued Operations)

10. Staff Costs – cont'd

Group	Total 2013 £	Total 2012 £
Wages and salaries	1,516,411	1,195,086
Social security	144,085	132,101
Other pension costs	86,144	73,074
Severance costs	104,166	15,265
	<u>1,850,806</u>	<u>1,415,526</u>

11 Number of Employees

The average number of employees, calculated on a full time equivalent basis for the group was:

	2013 Number	2012 Number
Instructus	22	16
Skills CFA (Continuing Operations)	10	6
IAM (Discontinued Operations)	10	11
	<u>42</u>	<u>33</u>

Higher Paid Employees

The number of higher paid employees was:

	Total 2013	Total 2012
£60,001 - £70,000	3	2
£70,001 - £80,000	-	1
£130,001 - £140,000	1	1
	<u>4</u>	<u>4</u>

The above higher paid employees received employer pension contributions of £25,700 (2012: £25,372)

12 Trustee Emoluments

	Group 2013 £	Group 2012 £	Charity 2013 £	Charity 2012 £
Remuneration and other benefits	<u>6,500</u>	<u>6,500</u>	-	-

Group

In addition, seven trustees were reimbursed £18,768 (2012 – £16,820) for expenses during the year. The only trustee to receive any remuneration was the Chairman for whom the authority to remunerate was received from the Charity Commission in February 2004. Amount received was £6,500 (2012 - £6,500)

The charity has purchased insurance to protect the charity from any loss arising from the neglect or defaults of its trustees, employers and agents and to indemnify the trustees or other officers against the consequences of any neglect or default on their part.

13 Pension Costs

Instructus operates a defined contribution pension scheme in respect of the employees. The scheme and its assets are held by independent managers. The pension charge represents contributions due from the charity and amounted to £44,161 (2012 - £49,002).

IAM (Discontinued Operations) operates a defined contribution pension scheme in respect of the employees. The scheme and its assets are held by independent managers. The pension charge represents contribution due from the charity and amounted to £23,773 (2012 - £13,704).

CFA (Continuing Operations) operates a defined contribution pension scheme in respect of the employees. The scheme and its assets are held by independent managers. The pension charge represents contribution due from the charity and amounted to £18,210 (2012 - £10,368).

14 Taxation

Instructus is a registered charity and therefore is not liable to income tax or corporation tax on income derived from its charitable activities as it falls within the various exemptions available to registered charities.

15a Tangible Fixed Assets

	Leasehold improvements £	Fixtures, Fittings and Equipment £	Computer and Office Equipment £	Total £
Group & Charity				
Cost				
At the start of the year	193,927	104,880	547,839	846,646
Additions	5,611	655	83,188	89,454
Transferred to current assets	-	-	(60,251)	(60,251)
At the end of the year	<u>199,538</u>	<u>105,535</u>	<u>570,776</u>	<u>875,849</u>
Depreciation				
At the start of the year	38,828	87,115	272,525	398,468
Charge for Year	39,861	6,107	102,233	148,201
Transferred to current assets	-	-	(59,334)	(59,334)
At the end of the year	<u>78,689</u>	<u>93,222</u>	<u>315,424</u>	<u>487,335</u>
Net Book Values				
At the end of the year	<u>120,849</u>	<u>12,313</u>	<u>255,352</u>	<u>388,514</u>
At the start of the year	<u>155,099</u>	<u>17,765</u>	<u>275,305</u>	<u>448,168</u>

15b Current Tangible Fixed Assets

	Computer and Office Equipment £	Total £
Group		
Cost		
At the start of the year	-	-
Transferred from fixed assets	60,251	60,251
At the end of the year	<u>60,251</u>	<u>60,251</u>
Depreciation		
At the start of the year	-	-
Transferred from fixed assets	59,334	59,334
At the end of the year	<u>59,334</u>	<u>59,334</u>
Net Book Values		
At the end of the year	<u>917</u>	<u>917</u>
At the start of the year	<u>-</u>	<u>-</u>

Due to the winding up of the IAM subsequent to the year end tangible assets relating to the IAM have been reclassified as current tangible assets.

16a Intangible Fixed Assets

Group	Goodwill	Intellectual	Total
Cost	£	Property	£
		£	
At the start of the year	-	313,423	313,423
Additions	217,947	12,352	230,299
Transferred to current assets		(325,775)	(325,775)
At the end of the year	<u>217,947</u>	<u>-</u>	<u>217,947</u>
Depreciation			
At the start of the year	-	41,204	41,204
Charge for Year	21,795	64,201	85,996
Impairment charge	-	160,370	160,370
Transferred to current assets		(265,775)	(265,775)
At the end of the year	<u>21,795</u>	<u>-</u>	<u>21,795</u>
Net Book Values			
At the end of the year	<u>196,152</u>	<u>-</u>	<u>196,152</u>
At the start of the year	<u>-</u>	<u>272,219</u>	<u>272,219</u>

Intellectual property is tested annually for impairment. During the year the charity assessed the value of the intellectual property and determined that it was impaired by £160,370. The reason for this impairment is due to the winding up of the IAM in December 2013. As a consequence these assets were then transferred to current assets and has been sold post year end.

See note 17b for details of the goodwill addition in the year.

16b Current Intangible Fixed Assets

Group		Intellectual	Total
Cost		Property	£
		£	
At the start of the year		-	-
Transferred from fixed assets		325,775	325,775
At the end of the year		<u>325,775</u>	<u>325,775</u>
Depreciation			
At the start of the year		-	-
Transferred from fixed assets		265,775	265,775
At the end of the year		<u>265,775</u>	<u>265,775</u>
Net Book Values			
At the end of the year		<u>60,000</u>	<u>60,000</u>
At the start of the year		<u>-</u>	<u>-</u>

17a Fixed asset investments

	2013	2012
	£	£
Charity – Investment in subsidiaries		
At the start of the year	25,002	2
Additions	110,000	25,000
Impairment	(25,000)	-
At the end of the year	<u>110,002</u>	<u>25,002</u>

The charity has three wholly owned subsidiaries, Skills CFA (CFA), the Institute of Paralegals (IOP) and the Institute of Administrative Management (IAM). The main activities of the subsidiaries are:

CFA's charity model is based on its primary activities of (1) research and development, (2) certification services and (3) learning services.

IAM's charity model is based on its primary activities of (1) registering centres, (2) awarding qualifications and (3) providing professional body services to its members.

IOP's not for profit model is based on its primary activity of providing professional body services to its members.

A summary of their results is shown below:

	2013	2012
	£	£
CFA		
Incoming resources	3,611,148	2,616,477
Resources expended	(2,986,839)	(1,798,899)
Net Incoming Resources	<u>624,309</u>	<u>817,578</u>
Assets	2,395,707	1,851,606
(Liabilities)	(441,851)	(522,059)
Net Funds	<u>1,953,856</u>	<u>1,329,547</u>

As at 31st March Instructus owed CFA £NIL (2012 - £17,257). CFA owed Instructus £55,458 (2012 - £NIL)

	2013	2012
	£	£
IOP		
Incoming resources	34,277	-
Resources expended	(37,489)	-
Net Incoming Resources	<u>(3,212)</u>	<u>-</u>
Assets	8,363	-
(Liabilities)	(119,522)	-
Net Funds	<u>(111,160)</u>	<u>-</u>

As at 31st March IOP owed Instructus £4,295 (2012 - £NIL)

	2013	2012
	£	£
IAM		
Incoming resources	1,156,511	1,488,066
Resources expended	1,788,580	(1,442,239)
Net (Outgoing)/Incoming Resources	<u>(632,069)</u>	<u>45,827</u>
Assets	225,720	489,359
(Liabilities)	(878,452)	(349,651)
Net Funds	<u>(652,732)</u>	<u>139,708</u>

The IAM has two wholly owned trading subsidiaries which are incorporated in England and Wales, IAM Management Services Limited and The Institute for Professional Administrators. Both companies were dormant throughout the period and in the previous year and had no assets or liabilities at 31 March 2013.

	2013	2012
	£	£
Investment in IAM Management Services Limited at cost	<u>2</u>	<u>2</u>

Subsequent to the year end IAM was placed into voluntary liquidation and ceased trading on December 2013. As a consequence all the activities of the IAM have been shown as discontinued operations in these financial statements. See note 25 for further information.

During the year ended 31 March 2012 CFA purchased 100 ordinary shares in the European Institute of Governance Awards Limited, for a cost of £25,000. This investment has been provided against the profit and loss account during the year ended 31 March 2013 as the company is insolvent.

17b Acquisition of subsidiary undertaking

On 1 November 2012 the charity acquired the Institute of paralegals (IOP) for £110,000. The IOP results for the 5 months from 1 November 2012 to 31 March 2013 which corresponds with their accounting period have been included in the financial statements under acquisition accounting.

Goodwill calculation

Consideration	110,000
Add: Net liabilities at acquisitions	107,948
Goodwill	<u>217,948</u>

The post acquisition results can be found in note 17a.

18 Debtors

	Group	Group	Charity	
	2013	2012	2013	
	£	£	£	
Amounts falling due within one year:				
Trade debtors	666,094	801,377	-	
Other debtors	36,164	38,894	30,133	35,036
Prepayments and accrued income	66,882	45,240	42,652	29,954
Amount due from subsidiary undertakings	-	-	59,752	-
	<u>769,140</u>	<u>885,511</u>	<u>132,537</u>	<u>64,990</u>
Amounts falling due after more than one year:				
Loan with subsidiary undertaking	-	-	-	<u>223,859</u>

19 Creditors: Amounts Falling Due Within One Year

	Group 2013 £	Group 2012 £	Charity 2013 £	Charity 2012 £
Trade creditors	213,602	161,628	58,858	50,973
Other taxes and social security costs	31,528	50,720	18,023	15,074
Other creditors	2,263	150,683	-	1,231
Accruals and deferred income	450,034	357,163	160,146	5,367
Amount due to subsidiary undertakings	-	-	-	17,257
	<u>697,427</u>	<u>720,194</u>	<u>237,027</u>	<u>89,902</u>

Group accruals and deferred income includes £18,229 of income which was deferred during the year (2012 - £67,040). All previous deferred income has been released during the year.

20 Designated Funds

The income funds of the charity include the following designated funds, which have been set aside out of unrestricted funds by the trustees for specific purposes.

	At 31 March 2012 £	Released £	New Designatio ns £	At 31 March 2013 £
IT Project	170,000	(170,000)	-	-
Business Planning	25,000	(25,000)	-	-
Media Centre	45,000	(45,000)	-	-
	<u>240,000</u>	<u>(240,000)</u>	<u>-</u>	<u>-</u>

IT Project

The IT project represents funds which the trustees have set aside for the development of an Information Management system.

Business Planning

This represents funds which the trustees have set aside towards any business opportunities that may arise in the future.

Media Centre

This represents funds which the trustees have set aside for staff to visually engage and electronically communicate with customers and stakeholders.

21 Analysis on Net Assets Between Funds	General Funds	Designated Funds	Total Funds 2013 £
Charity			
Funds at 31 March 2013 are represented by:			
Fixed assets	498,514	-	498,514
Current assets	165,282	-	165,282
Current liabilities	(237,027)	-	(237,027)
Total net assets	<u>426,769</u>	<u>-</u>	<u>426,769</u>
Group			
Funds at 31 March 2013 are represented by:			
Fixed assets	595,567	-	595,567
Current assets	2,008,833	-	2,008,833
Current liabilities	(697,427)	-	(697,427)
Total net assets	<u>2,604,400</u>	<u>-</u>	<u>2,604,400</u>

22 Financial Commitments

At 31 March 2013, the charity had annual commitments under non-cancellable operating leases which expire as follows:

	Land & Buildings		Other	
	2013	2012	2013	2012
	£	£	£	£
Operating leases which expire:				
In one year	-	-	2,787	-
Between two and five years	75,311	73,732	11,560	18,424

23 Related Party Transactions

During the year, the following payments were made in respect of professional services rendered in relation to education and examination matters, and public relations:

Trustees	2013	2012
	£	£
J McLean	3,768	1,573

During 2012 the company invested £25,000 in EIGA - European Institute of Governance Awards Limited (see note 15). The Chair of Trustees and the Chief Executive of Skills CFA hold positions on the Executive Board of EIGA. No remuneration has been received during the year.

The financial statements do not include disclosure of all transactions between the parent and its subsidiaries. This is because the subsidiaries activities are more than 90% controlled by Instructus and hence exempt from the requirement under Financial Reporting Standard 8, 'Related Party Transactions' to disclose such transactions.

David Holland (as a Trustee) was acting CEO for 6 months from December to May. This role was not remunerated. David formally resigned as a Trustee in May 2013 and was officially appointed CEO from June 2013.

24 Capital Commitments

Instructus has no significant capital commitments at 31 March 2013.

25 Post Balance Sheet Events

On 19 November 2013 The Institute of Administrative Management (IAM) entered into voluntary liquidation and ceased trading. The discontinued activities of the IAM have been reflected in the accounts as discontinued operations. Intercompany loan with Instructus of £780,616 has been provided against and an impairment charge of £160,327 has been made against the intellectual property of IAM to reflect the amount received on the winding up of the IAM. The Group Trustees considered the use of charity funds within IAM and the potential implications however it was considered to be the best use of funds to wind up the IAM with the resulting impact on the group of £940,943