BKSB Limited

Report and Financial Statements for the year ended 31 July 2015

Company Registration Number: 03311079

BKSB Limited

ANNUAL REPORT
FOR THE YEAR ENDED 31 JULY 2015

Directors' report

The directors present their report and the audited financial statements for the year ended 31 July 2015.

Principal activity

The company is a private company limited by shares and is a wholly owned subsidiary of West Nottinghamshire College. It was incorporated on 31 January 1997. The principal activity of the company is to develop and promote the basic and key skills assessment software known as bksb.

Review of business and future developments

The reported trading profit for the year ended 31 July 2015 amounted to £1,203,525 (2014: £1,151,942). Distribution of profits will be made under deed of covenant of £1,143,565 (2014: £895,207) to the parent undertaking, West Nottinghamshire College. This has resulted in income & expenditure reserves of £422,002 (2014: £312,041) excluding pension reserve.

Dividends

No dividends have been paid in the year. The directors do not recommend the payment of a dividend (2014: £nil).

Change in Gift Aid Rules

The company has in the past paid over all of its taxable profits, which would otherwise be liable to corporation tax, to West Nottinghamshire College under the Gift Aid scheme. In accordance with the accounting policies note, the directors now consider that the company is required to have distributable profits to make gift aid payments to the parent undertaking. After examining previous years' gift aid payments and distributable profit levels no payments were found which required reversing.

Political and Charitable contributions

The company made no political contributions during the period (2014: £nil). The company pays over all of its taxable profit, subject to having distributable reserves to do so, to its parent undertaking West Nottinghamshire College (an exempt charity) under a deed of covenant arrangement that is likely to remain in place for the foreseeable future. The company therefore could have taxable profits to the extent that taxable profits exceed distributable reserves. For the foreseeable future the company has available tax losses from a fellow subsidiary, which is likely to cover any potentially taxable profits. The deed of covenant payment for the year is £1,143,565 (2013: £895,207).

Directors, directors' interests and membership

The directors of the company who served during the year and subsequent to the year-end were:

R I Baggaley

P Harman

T J Clarke (Chair)

None of the directors has any disclosable interests in the shares of the company during the year. No director has been granted share options.

Throughout the year the company has maintained a directors' and officers' liability insurance policy.

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each director has taken all the steps that he or she ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

In accordance with Section 495 and 496 of the Companies Act 2006, a resolution for the re-appointment of KPMG LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

Approved by order of the Board of directors on 12 November 2015 and signed on its behalf by:

Registered office
I2 Centre
Hamilton Court
Hamilton Way
Mansfield
Nottinghamshire
NG18 5FB

P Harman
Director

12 November 2015

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' report and financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare financial statements with UK Accounting Standards.

The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

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

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

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

KPMG LLP
One Snow Hill
Snow Hill Queensway
Birmingham
B4 6GH

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SKILLDRIVE LIMITED

We have audited the financial statements of BKSB Limited for the year ended 31 July 2015 set out on pages 8 to 18. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with sections 495 and 496 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 auditors' 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.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. 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

A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/apb/scope/UKNP.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 July 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' 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 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.

A Argyle
For and on behalf of KPMG LLP. Senior Statutory Auditor

Chartered Accountants
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

Date: 2/12/15

Profit and loss account for the year ended 31 July 2015

Company Registration Number: 03311079

	Notes	2015 £	2014 £
Turnover	1	2,877,929	2,558,788
Cost of Sales		(1,472,734)	(1,264,388)
Gross Profit		1,405,195	1,294,400
Administrative Expenses		(212,053)	(152,171)
Operating (loss)/Profit		1,193,142	1,142,229
Other Interest receivable and similar income		10,383	9,713
Operating (loss)/Profit after exceptional items and tax		1,203,525	1,151,942
Profit on disposal of fixed assets		-	-
Operating (loss)/Profit after exceptional items but before tax	3	1,203,525	1,151,942
Taxation	4	-	-
Profit for the financial year after taxation		1,203,525	1,151,942

All results related to continuing operations.

The notes on pages 11 to 18 form part of these financial statements.

Statement of Total Recognised Gains and Losses

	Notes	2015 £	2014 £
Surplus/(deficit) on continuing operations after depreciation of assets, disposal of assets and Tax		1,203,525	1,151,942
Transfer in of FRS 17 Deficit on 1 September 2013	12	-	(207,000)
Actuarial (loss) in respect of pension	12	(60,000)	(77,000)
Total recognised gains and losses in the year		**1,143,525**	**867,942**

Reconciliation

Opening reserves	25,041	52,306
Total recognised gains/(losses) for the year	1,143,525	867,942
Gift Aid Distribution	(1,143,565)	(895,207)
Closing reserves	**25,001**	**25,041**

Balance sheet at 31 July 2015

Company Registration Number: 03311079

	Notes	2015 £	2014 £
Fixed assets			
Tangible assets	5	82,760	163,989
		82,760	163,989
Current assets			
Debtors	6	659,773	605,451
Cash at bank and in hand		1,983,316	2,085,838
		2,643,089	2,691,288
Creditors: amounts falling due within one year	7	(2,278,848)	(2,518,236)
Net current assets / (liabilities)		364,241	173,052
Total assets less current liabilities		447,001	337,041
Net assets excluding pension liability		447,001	337,041
Net pension liability	12	(422,000)	(312,000)
Total assets less current liabilities		25,001	25,041
Capital and Reserves			
Called up share capital	8	25,000	25,000
Profit and loss account	10	422,001	312,041
Pension reserve	12	(422,000)	(312,000)
Shareholders' funds	11,14	25,001	25,041

These financial statements were approved by the board of directors on 12 November 2015 and were signed on its behalf by:

P Harman

P Harman
Director

Notes to the financial statements for the year ended 31 July 2015

1. Principal accounting policies

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

Basis of accounting

The financial statements are prepared in accordance with applicable accounting standards, and under the historic cost convention.

Going concern

The parent undertaking, West Nottinghamshire College has confirmed that it will continue to provide financial support for the company for a period of at least twelve months following the date of signature of these financial statements.

Turnover

Turnover which excludes value added tax and trade discounts, represents the value of goods and services invoiced to customers during the year.

Recognition of income

Income from licence sales is included to the extent of the proportion of the licence fee attributable to the current financial period. Any income arising from licence fees relating to future periods is deferred within creditors.

Cash flow statement

The company is exempt from the requirements of FRS 1 (revised) to prepare a cash flow statement as the financial statements of the parent undertaking include a consolidated cash flow statement.

Tangible fixed assets

The cost of tangible fixed assets is their purchase cost, together with any incidental cost of acquisitions.

Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual values, on a straight line basis over the expected useful economic lives. The principal annual rates used for this purpose are:

- Plant and equipment — $33^1/_3$%
- Motor vehicles — 20%
- Leasehold Improvements — over the life of the lease

Principal accounting policies (continued)

Deferred taxation

Provision is made for deferred tax, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes, which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS19.

Distributable reserves

During the year the directors have reconsidered the presentation of gift aid payments in the financial statements. Previously the directors followed the Charity Commission guidance, but now understand that legal advice has been issued contradicting this. The directors now consider the gift aid payment to be akin to a distribution rather than an expense.

2. Employee and director information

The company has 24 full-time equivalent (FTE) employees, during 2013/14 the company had 20 FTE employees. No director received any emoluments from the company during the year (2013: £nil).

3. Profit/(Loss) on ordinary activities before taxation

	2015	2014
	£	£
Profit before taxation is stated after charging:		
Depreciation	81,229	56,359
Auditors' remuneration – audit services	3,490	3,790
Other Professional Fees	30,969	3,217

4. Tax on profit on ordinary activities

As explained in the accounting policies note, no provision has been made for deferred tax on the grounds that the company transfers its taxable profits by deed of covenant to West Nottinghamshire College to the extent of available distributable reserves, any future tax liability being covered by taxable loses available within a fellow subsidiary company for the foreseeable future, and therefore no deferred tax asset or liability will be realised in the Company.

There is no liability to tax during the current or preceding year.

The tax assessed in the year is (2014: standard rate) the standard rate of corporation tax in the UK for small companies of 21% (2014: 23%). The differences are explained below:

4. Tax on profit on ordinary activities (continued)

	2015	2014
	£	£
(loss)/Profit on ordinary activities before taxation	1,203,525	1,151,942
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20% (2014: 21%)	262,460	264,647
Effects of:		
Gift Aid Distribution	(236,326)	(205,897)
Expenses not deductible for tax purposes	(610)	(931)
Taxable loses transferred from other group company	(38,657)	(52,211)
Capital allowances in the year in excess of depreciation	13,133	(5,908)
Current tax charge for the year	-	-

5. Tangible fixed assets

	Plant & Equipment	Leasehold Improvements	Motor Vehicle	Total
	£	£	£	£
Cost				
Balance at 1 August 2014	91,466	98,127	221,354	410,947
Additions	-	-	-	-
Balance at 31 July 2015	91,466	98,127	221,354	410,947
Depreciation				
Balance at 1 August 2014	36,392	41,216	169,350	246,958
Charge for year	44,808	18,720	17,701	81,229
Balance at 31 July 2015	81,200	59,936	187,051	328,187
Net Book Value				
Balance at 31 July 2014	55,074	56,911	52,004	163,989
Balance at 31 July 2015	10,266	38,191	34,303	82,760

6. Debtors

	2015 £	2014 £
Trade debtors	520,738	501,229
Amounts owed by group undertakings	24,998	24,998
Prepayments and accrued income	114,037	79,224
	659,773	605,451

7. Creditors: amounts falling due within one year

	2015 £	2014 £
Trade creditors	-	827
Amounts owed to group undertakings	658,166	895,207
Other creditors including: taxation and social security	157,797	150,374
Accruals and deferred income	1,462,885	1,421,828
	2,278,848	2,518,236

8. Called up share capital

	2015 £	2014 £
Authorised		
Ordinary shares of £1 each	300,000	300,000
Allotted, called up and fully paid		
Ordinary shares of £1 each	25,000	25,000
Allotted during the year	-	-
Ordinary shares of £1 each	25,000	25,000

9. Commitments and contingencies

There were no contingent liabilities

Capital commitments at 31 July 2015 were Nil (2014: £0).

10. Profit and loss account including pension reserve

	2015 £	2014 £
Balance at 1 August	41	27,306
Profit / (loss) for the year	1,203,525	1,151,942
Transfer in of Pension Liability on 1 September 2014	-	(207,000)
Actuarial Gain/(loss) in respect of pension scheme	(60,000)	(77,000)
GiftAid Distribution	(1,143,565)	(895,207)
Balance at 31 July	1	41
Pension Reserve	(422,000)	(312,000)
Profit and Loss Account	422,001	312,041
	1	41

11. Reconciliation of movements in shareholder's funds

	2015 £	2014 £
Opening shareholder's surplus	25,041	52,306
Actuarial loss in respect of pension scheme	(60,000)	(284,000)
New Shares Issued in Year	-	-
Profit for the year	1,203,525	1,151,942
Distribution of reserves	(1,143,565)	(895,207)
Closing shareholder's surplus/(deficit)	25,001	25,041

12. Pension and similar obligations

The Company's employees belong to the Local Government Pension Scheme (LGPS) which is managed by Nottinghamshire County Council. The pension is a defined benefit scheme.

Total Pension cost for the Year	2015 £	2014 £
Local Government Pension Scheme:		
Contributions Paid	46,847	47,306
FRS17 Charge	46,000	25,000
Charge to the income & expenditure account	92,847	72,306
Total pension charge for the year	92,847	72,306

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest formal valuation of the LGPS was 31 March 2013.

12. Pensions and similar obligations (continued)

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with assets held in separate funds administered by Nottinghamshire County Council. The total contribution made for the financial year ended 31 July 2015 was £76,930 (2014: £61,920), of which employer's contributions totalled £46,847 (2014: £47,306) and employee's contributions totalled £30,212 (2014: £14,614). The agreed contribution rates for future years are 11.0% for employers and range from 5.5% to 12.5% for employees dependent upon salary.

FRS17

Principal Actuarial Assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2013 updated to 31 July 2015 by a qualified independent actuary.

	At 31 July 2015	At 31 July 2014
Rate of increase in Salaries	4.5%	4.6%
Rate of increase for pensions in payment	2.7%	2.8%
Discount rate for scheme liabilities	3.9%	4.3%
Inflation assumption (CPI)	2.7%	2.8%
Commutation of pensions to lump sums	50%	50%

The current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement age 65 are:

	At 31 July 2015	At 31 July 2014
Retiring today:		
Males	22.1	22.0
Females	25.2	25.1
Retiring in 20 years:		
Males	24.2	24.1
Females	27.6	27.4

12. Pensions and similar obligations (continued)

The Company's share of assets and liabilities in the scheme and the expected rates of return were:

	Long-term rate of return expected at 31 July 2015	Value at 31 July 2015	Long-term rate of return expected at 31 July 2014	Value at 31 July 2014
		£000		£000
Equities	3.9%	498	6.6%	401
Gilts	3.9%	21	3.4%	31
Other Bonds	3.9%	49	4.0%	37
Property	3.9%	77	5.9%	62
Cash	3.9%	22	3.2%	24
Other	3.9%	20		-
Total market value of assets		**687**		**555**
Present value of scheme liabilities:				
- Funded		1,109		867
- Unfunded		-		-
Surplus/(deficit) in the scheme		**(422)**		**(312)**

Analysis of the amount charged to income and expenditure account

	2015 £000	2014 £000
Employer service cost (net of employee contributions)	46	25
Past service cost	-	-
Total operating charge	**46**	**25**
Analysis of pension finance income/(costs)		
Expected return on pension scheme assets	36	28
Interest of pension scheme liabilities	(40)	(31)
Pension finance income/(costs)	**(4)**	**(3)**
Amount recognised in the statement of total recognised gains and losses (STRGL)		
Actuarial gains/(losses) on pension scheme assets	20	4
Experience gains arising on the scheme liabilities	-	-
Change in financial and demographic assumptions underlying the scheme liabilities	(80)	(81)
Actuarial gain/(loss) recognised in the STRGL	**(60)**	**(77)**

Movement in surplus/ (deficit) in the year

	2015 £000	2014 £000
Surplus/(deficit) in scheme at 31 July	(312)	(207)
Movement in the year:		
- Employer service cost (net of employee contributions)	(93)	(69)
- Employer contributions	47	44
- Past service costs	-	-
- Net Interest/return on assets	(4)	(3)
- Actuarial gain or (loss)	(60)	(77)
(Deficit)/surplus in scheme at 31 July	**(422)**	**(312)**

12. Pension and similar obligations (continued)

Asset and liability reconciliation		
Liabilities at 31 July	**867**	**662**
Service cost	93	69
Interest cost	40	31
Actuarial (gain)/loss	80	81
Employee contributions	29	24
Liabilities at end of period	**1,109**	**867**

Reconciliation of Assets		
Assets at start of period	**555**	**455**
Expected return on assets	36	28
Actuarial gains/(losses)	20	4
Employer contributions	47	44
Employee contributions	29	24
Assets at end of period	**687**	**555**

The estimated value of employer contributions for the year ended 31 July 2016 is £52,000

History of experience gains and losses

	2015	**2014**
	£000	**£000**
Difference between the expected and actual return on assets	4	4
Experience Adjustment on Scheme Liabilities	-	-
Total amounts recognised in the STRGL	(60)	(77)

13. Ultimate parent undertaking

The company is a wholly owned subsidiary of West Nottinghamshire College, incorporated under the Further and Higher Education Act 1992 which is also the ultimate controlling party. Copies of the parent's consolidated financial statements can be obtained from West Nottinghamshire College, Derby Road, Mansfield, Nottinghamshire, NG18 5BH.

14. Distributions

	2015	**2014**
	£	**£**
Gift Aid Payments to West Nottinghamshire College	1,143,565	895,207

As stated in the accounting policy note Gift Aid payments were reclassified as distributions from the 2014 year therefore the above note is now presented.