

Annual Accounts 2019

NSAR Limited

National Skills Academy for Rail

Annual Report and Accounts
For the year ended 31 March 2019

Registered number: 07484465

A company limited by guarantee

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NSAR LIMITED
DIRECTORS' REPORT

Year ended 31 March 2019

The directors present their report and financial statements for the year ended 31 March 2019, with comparative information for the year ended 31 March 2018.

The directors and the company secretary served in the year and up to the date of the directors' report unless indicated below:

Directors	<u>Appointed</u>
Michael Brown (Chairman)	01/12/16
Stuart Calvert	03/12/13
George Clark	01/12/16
Martin Giles	18/06/13
Mark Hicks	07/11/12
Andy Joy	01/12/16
Rob McIntosh	17/09/15
Kirsty Derry	26/06/17
Darren Caplan	26/06/17
Mark Thurston	01/12/17
Mary Grant	25/09/18
<u>Secretary</u>	
Neil Robertson	25/06/15

Statement of directors' responsibilities

The directors are responsible for preparing 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 directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the 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 surplus or deficit of the company for that period. In preparing these financial statements, the directors are required to:

- make suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- 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.

The directors are of the opinion that the results should be disclosed within an Income and Expenditure Account rather than a Profit and Loss Account, as this better reflects the nature of the company's activities.

The company has made considerable progress in 2018/19 and the outlook for 2019/20 is encouraging.

Through the course of 2018/19 NSAR has continued to develop its activity with the following key achievements highlighted:

- Apprenticeship Brokerage Service for Employers
- Apprenticeship Development and Common Framework Development
- Strategic Demand Planning for Skills
- Development of a New Quality Assurance Framework for Training &
- Development of New Rail Training Academies
- Industry Skills Forecasting services
- Subject experts provided to Department of Transport
- Maximisation of planning service for apprenticeship levy

All these activities are aligned with the rail industry's skills priorities that are outlined in the Rail Supply Group's Strategy, Rail Sector Deal and the Department for Transport [DfT]'s Transport Infrastructure Skills Strategy.

Industry support for this scope of work is illustrated by 80% of forecast income for 2019/20 being secured in the first quarter of the year with further income streams being developed. In addition there have been significant productivity improvements with cost base reductions of circa 20% achieved.

During the course of 2016/17 NSAR took advantage of a repayable grant from DfT. NSAR will begin to repay 50% of the grant at £100k per annum for 5 years by providing projects to the DfT, it will also commence repaying £100k per annum in cash commencing April 2020.

NSAR is grateful to DfT for their continued support.

NSAR LIMITED
DIRECTORS' REPORT

Year ended 31 March 2019

The financial statements have been prepared on a going concern basis which assumes that the company will remain in existence and be operational for the foreseeable future. This assumption depends on (a) the company's cash balances remaining positive or within the agreed overdraft limit negotiated with its bankers and (b) continuing progress concerning new and stable sources of revenue in 2018/19 and after. The Directors have commissioned and approved cash flow forecasts which give them the confidence to prepare the financial statements on the going concern basis.

During the year our Membership with active organisations stands at 359 members (correct at 31 March 2019).

Directors

The directors, as set out on Page 1, held office in the year under review and the period up to the date of this report, except as otherwise noted.

Statement of disclosure to auditor

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

The directors have prepared this report in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

APPROVED by the board of directors and signed on their behalf by:



Michael Brown

Chairman

Date.....05-11-19.....

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NSAR LIMITED

Opinion

We have audited the financial statements of NSAR Limited for the year ended 31 March 2019 which comprise the Income and Expenditure Account, the Balance Sheet and the related notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the United Kingdom Accounting Standards, including FRS102 "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 2019 and of its surplus 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.

Conclusion relating to going concern

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NSAR LIMITED

Other Information

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

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

We have nothing to report in this regard.

Opinion on other matter 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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has 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 directors' report.

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; or
- the directors 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 directors' report and from preparing a strategic report.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NSAR LIMITED

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NSAR LIMITED

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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 for no purpose other than to draw to the attention of the company's members those matters which we are required to include in an auditor's report addressed to them. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the company and company's members as a body, for our work, for this report, or for the opinions we have formed.



Sailesh Mehta (Partner)
for and on behalf of HW Fisher
Chartered Accountants
Statutory Auditor

Acre House
11 - 15 William Road
London
NW1 3ER

Date:

14 November 2019

NSAR LIMITED
INCOME & EXPENDITURE ACCOUNT

Year ended 31 March 2019

		<u>2018-19</u>	<u>2017-18</u>
	Note	£	£
INCOME	1	2,753,457	2,521,413
OPERATING EXPENSES		(2,541,949)	(2,358,960)
OPERATING SURPLUS		<u>211,508</u>	<u>162,453</u>
INTEREST RECEIVABLE		4	2
SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>211,512</u>	<u>162,455</u>
TAXATION	3	-	-
SURPLUS ON ORDINARY ACTIVITIES AFTER TAXATION		<u><u>211,512</u></u>	<u><u>162,455</u></u>

The operating surplus for the year arises wholly from the company's continuing activities.

No separate Statement of Statement of Changes in Reserves has been presented as there are no recognised gains or losses other than as set out in the Income and Expenditure Account.

Retained Earnings are as per below:-

Retained earnings	<u>2018-19</u>	<u>2017-18</u>
	£	£
Income and Expenditure Account		
Balance at 31 March 2018	(677,498)	(839,953)
Surplus/(deficit) for the period	211,512	162,455
Balance at 31 March 2019	<u><u>(465,986)</u></u>	<u><u>(677,498)</u></u>

NSAR LIMITED
BALANCE SHEET


31 March 2019

		<u>2019</u>	<u>2018</u>
	Note	£	£
FIXED ASSETS			
Tangible assets	3	12,118	12,494
CURRENT ASSETS			
Debtors	4	654,742	813,294
Cash at bank		1,299,744	841,793
		<hr/> 1,954,486	<hr/> 1,655,087
CURRENT LIABILITIES			
Creditors: amounts falling due within one year	5	(1,632,590)	(2,345,079)
NET CURRENT ASSETS/(LIABILITIES)		<hr/> 321,896	<hr/> (689,992)
TOTAL ASSETS LESS CURRENT LIABILITIES		<hr/> 334,014	<hr/> (677,498)
Creditors: amounts falling due after one year	6	(800,00)	-
NET LIABILITIES		<hr/> (465,986)	<hr/> (677,498)
RESERVES			
Income and expenditure account		<hr/> (465,986)	<hr/> (677,498)

Company no. 07484465

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

Approved by the board of directors, authorised for issue and signed on their behalf by:


Michael Brown

Chairman

Date.....05-11-19.....

1 Accounting policies

Company information

The National Skills Academy (NSAR) Limited is a private company limited by guarantee incorporated in England and Wales. The registered office is Acre House, 11 - 15 William Road, NW1 3ER.

NSAR is an organisation established to enable the rail sector to deliver a modern, efficient and world class railway through the development of a highly skilled and productive workforce.

Within the wider workforce, NSAR promotes the rail sector as a commercial enterprise with careers to be proud of. NSAR coordinates industry efforts in attracting and promoting new talent so as to enable businesses within the sector to be competitively positioned.

In collaboration with our members, universities, colleges and training providers, we facilitate a modern qualification framework and apprentice programme that will increase competency across the industry.

We also support training & assessment providers through consultancy and projects.

Our expertise, knowledge and intelligence enables us to help the rail sector and its members to make informed decisions and target investments through accurate resource planning. NSAR enables the industry to increase its competitiveness by matching skills and workforce demand to training and education.

NSAR also provides specific support to individual companies who seek to meet their skills needs; including identifying skills gap and providing guidance on how to get funding for training.

In a rapidly changing skills landscape we act as a coordinated powerful voice, on behalf of the sector, to influence government policy and to safeguard the rail sectors interest.

NSAR is trusted by the rail industry to provide workable solutions for the provision of skills needed to meet the increasing demands of a modern railway. We develop people to excel every day, challenging the status quo and inspiring a change in the way skills and competences are delivered.

1.1 Accounting convention

These financial statements have been prepared in accordance with Section 1A of FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime.

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 pound.

The financial statements have been prepared on the historical cost convention, modified to include certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1 Accounting policies (continued)

The financial statements are those of a public benefit entity under the following definition: An entity whose primary objective is to provide goods or services for the general public, community or social benefit and where any equity is provided with a view to supporting the entity's primary objectives rather than with a view to providing a financial return to equity providers, shareholders or members.

1.2 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 discounts, VAT and other sales related taxes.

Turnover is generally deferred straight line over the period of service offered, the appropriate amount is recognised in the given period. The stage of completion is measured by the proportion of contract costs incurred for work performed to date compared to the estimated total contract costs. Costs incurred in the year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion. These costs are presented as stocks, prepayments or other assets depending on their nature, and provided it is probable

1.3 Tangible fixed assets

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

Depreciation 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:

Leasehold property improvements	33% straight line
Computers	33% straight line

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 recognised in the income and expenditure account.

1.4 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of six months or less.

1.5 Financial assets

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Notes to the Financial statements

1 Accounting policies (continued)

Financial assets are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Basic financial assets, which include trade and other debtors 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, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Other financial assets classified as fair value through profit or loss are measured at fair value.

Loans and receivables

Trade debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

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. The impairment loss is recognised in the income and expenditure account.

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.

1.6 Financial liabilities

Basic financial liabilities, including trade and other creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, 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.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Notes to the Financial statements

1 Accounting policies (continued)**Derecognition of financial liabilities**

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

1.7 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

1.8 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.

1.9 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income 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 lease asset are consumed.

1.10 Going Concern

The financial statements have been prepared on a going concern basis which assumes that the company will remain in existence and be operational for the foreseeable future. This assumption depends on (a) the company's cash balances remaining positive or within the agreed overdraft limit negotiated with its bankers and (b) continuing progress concerning new and stable sources of revenue in 2019/20 and after. The Directors have commissioned and approved cash flow forecasts which give them the confidence to prepare the financial statements on the going concern basis. In particular, the largest single liability in the balance sheet is the £0.9m due to DfT. As per note 6, it has been agreed that half of this will be repaid in kind by NSAR through consultancy and support days and the remaining half will not begin being repaid until April 2020, giving directors further confidence that NSAR is a going concern for at least 12 months after the signing of these financial statements.

1 Accounting policies (continued)

1.11 Public Benefit Entity

Public benefit concessionary loans are recognised when a loan made or received between a public benefit entity and another party: (a) at below the prevailing market rate of interest; (b) that is not repayable on demand; and (c) is for the purposes of furthering the objectives of the public benefit entity.

The financial statements are those of a public benefit entity under the following definition: An entity whose primary objective is to provide goods or services for the general public, community or social benefit and where any equity is provided with a view to supporting the entity's primary objectives rather than with a view to providing a financial return to equity providers, shareholders or members.

2 Employees

	<u>2018-19</u>	<u>2017-18</u>
	Number	Number
The average monthly number of persons employed by		
Professional and administrative	21	15
Unpaid directors	10	12
	<hr/>	<hr/>
	31	27
Their aggregate remuneration comprised:	<u>2018-19</u>	<u>2017-18</u>
	£	£
	<hr/>	<hr/>
Wages and salaries	1,558,154	1,307,354
	<u>1,558,154</u>	<u>1,307,354</u>

3 Tangible fixed assets

	2018-19		
	Leasehold property improvements	Computer equipment	TOTAL
	£	£	£
Cost at 1 April 2018	15,260	24,096	39,356
Additions during the year	1,935	5,412	7,347
Cost at 31 March 2019	17,195	29,508	46,703
Accumulated depreciation at 1 April 2018	15,260	11,602	26,862
Charge for the year	239	7,482	7,721
Accumulated depreciation at 31 March 2019	15,499	19,084	34,583
Net book value 31 March 2019	1,696	10,424	12,120
Net book value 31 March 2018	-	12,494	12,494

4 Debtors

	2018-19	2017-18
	£	£
Trade debtors	387,364	526,874
Other debtors	67,742	56,412
Prepayments and accrued income	199,636	230,008
	654,742	813,294

Trade debtors disclosed above are classified as loans and receivables and are therefore measured at amortised cost, where materially different from transaction price.

5 Creditors

	Due within one year	
	2018-19	2017-18
	£	£
Taxation and social security	131,902	197,029
Trade creditors	157,502	58,607
Accrual and Deferred revenue	1,133,714	1,089,443
Other creditors	90,972	-
Loan from Department for Transport	118,500	1,000,000
	1,632,590	2,345,079

6 Creditors due after more than one year	<u>2018-19</u>	<u>2017-18</u>
	£	£
Department for Transport Loan	800,000	-

The Department of Transport [DfT] made available to NSAR an initial repayable grant of up to £1,000,000 by way of working capital. There is no interest payable on the loan. The loan does not have to be discounted to present value as it is classed as a public benefit concessionary loan. The loan is repayable half by provision of consultancy services and room hire to DfT from NSAR and half in 20 quarterly cash installments commencing from 1 April 2020.

7 Contingent liabilities

NSAR are not aware of any contingent liabilities taking place. The Board believes that no significant liability exists.

8 Post Balance Sheet Event

NSAR are not aware of any post balance sheet event.

www.nsar.co.uk

