



Annual Report and Consolidated Financial Statements

Crescent Purchasing Limited

For the year ended 31 July 2019

Company registration number: 06774578

CRESCENT PURCHASING LIMITED

LEGAL AND ADMINISTRATIVE INFORMATION

CONSTITUTION

Crescent Purchasing Ltd (CPL) is a company limited by guarantee and a registered charity governed by its memorandum and articles of association. CPL trades as Crescent Purchasing Consortium (CPC). The registered charity number is 1130461 and the company number is 06774578.

DIRECTORS AND TRUSTEES

The directors of the charitable company ("the charity") are its trustees for the purpose of charity law and throughout this report are collectively referred to as the trustees.

The directors and trustees serving during the year were as follows:

Nominated Chair

D N Pullein, Vice Principal - Finance and Resources, Leeds College of Building, Chair of the College Finance Directors' Group until 01/01/19

Trustees and Directors

J C Bentley, Head of Finance, Hopwood Hall College

P Brewer, Managing Director, CPC

N Cassidy, Procurement Officer, Cambridge Regional College (Chair of Purchasing Advisory Group)

A Comyn, Chief Officer Finance and Resources, Dudley College of Technology

J Howard, Director of Estates, Wakefield College from 05/06/19

L Jenkins, Deputy Principal Finance and Resources, North Kent College

P Kane, Deputy Head of Estate, Belfast Metropolitan College (co-opted with voting rights) from 05/06/19

R Kilcoyne, Head of Procurement, Leeds City College (Purchasing Advisory Group)

K O'Connor, Head of Marketing, Capital City College Group from 05/06/19 until 01/10/19

D N Pullein, Vice Principal - Finance and Resources, Leeds College of Building, Chair of the College Finance Directors' Group until 01/01/19

REGISTERED OFFICE

Legal Office, Procurement House, Unit 23-25 Leslie Hough Way, Salford, M6 6AJ

AUDITORS

Haines Watts, Bridge House, Ashley Road, Hale, Altrincham WA14 2UT

CRESCENT PURCHASING LIMITED

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CRESCENT PURCHASING LIMITED

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)

FOR THE YEAR ENDED 31 JULY 2019

The Trustees are pleased to present their report together with the consolidated financial statements of the charity and its subsidiaries for the year ended 31 July 2019 which are also prepared to meet the requirements for a directors' report and accounts for Companies Act purposes.

The legal and administrative information set out on page 1 forms part of this report. The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, and Accounting and Reporting by Charities: Statement of Recommended Practice applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015).

OBJECTS OF THE CHARITY AND PUBLIC BENEFIT STATEMENT

The objectives of the charity are to use charitable resources for the benefit of the public by providing services for further education, higher education, academies, schools and other educational bodies which include the ongoing promotion of good practice and the enhancement and improvement of their procurement activities through training, to improve education and research in procurement, ensuring that all useful results of such research are published.

REPORT OF THE TRUSTEES

CPL was established in 1999 by the University of Salford to facilitate collaborative purchasing in the Further Education Sector.

In November 2009 CPL was established as a charity, following a buy out from the University of Salford, to enable the Further Education Sector to operate and develop CPC and to promote professional purchasing. CPL works to this end in collaboration with the Association of Colleges, Department for Education, Crown Commercial Service and Higher Education Purchasing Consortia.

The Board of Trustees consists of nominated representatives of member colleges, four Directors of Finance, the Chair of the Purchasing Advisory Group (PAG) plus two nominated officers from PAG, two heads of Estates, a head of marketing and the Managing Director. Board membership movements for the year are listed below:

Appointments

J Howard, Director of Estates, Wakefield College from 05/06/19

P Kane, Deputy Head of Estate, Belfast Metropolitan College (co-opted with voting rights) from 05/06/19

K O'Connor, Head of Marketing, Capital City College Group from 05/06/19

Resignations

G Francis, Director of Continuous Improvement, Havering Sixth Form College (Purchasing Advisory Group) (resigned 13/03/19)

The board meets three times a year to determine policy and to monitor progress. Day to day administration of CPC is delegated to the Managing Director and his staff. The senior management team is made up of four managers covering all disciplines including the Managing Director.

By July 2019 CPC had 6,562 members of which 131 had confirmed their status as "owner members" of the charitable company as full members, limited by guarantee. Membership consists primarily of English colleges, schools and academies and there are also institutions from Scotland, Northern Ireland and Wales. It is anticipated that CPC's membership will continue to grow steadily among academies, academy trusts, specialist and independent colleges, free schools and schools. CPC is working with the Department for Education to engage with school to academy conversions.

CPC continue to benefit from the acquisition of Tenet Education Services Limited which has donated £835,186 back to the charity since May 2017.

The Board of Trustees has reviewed CPC's staffing levels. Overall staff FTE across the year increased by 3 FTE, with 2 vacancies going into 2019/20. CPC now has 28 staff roles – 23 office and 5 field based.

CRESCENT PURCHASING LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE TRUSTEES OF CRESCENT PURCHASING LIMITED

The Group, in November 2018 hosted its own conference for members and suppliers under the trademark of Procur.Ed. This was hosted at Hopwood Hall College Middleton campus where one of the Group trustees is employed. Although footfall was not as high as expected due to numerous factors not least the weather, the quality of contacts made by suppliers was high. CPC intend to hold further conferences in the Midlands and Southern England to attract new members and stimulate increased spend through our frameworks.

CPC created Crescent Learning (CL) to support fulfilment of its charitable objectives and this continued throughout the year with funding of the placement of purchasing apprenticeships in FE Colleges in addition to funding procurement training for members.

The Board of Trustees, in November 2018 approved the transfer of £500k of unrestricted funds to a designated fund for further reinvestment into the Education sector. Eleven project ideas were discussed and in March 2019 five were approved funding;

- Project 1 – E-Learning courses for members. To deliver a 5-core module e-learning programme covering the basics of procurement within an educational institution. This is at no cost to members. Funding allocated was £20k.
- Project 2 – Subsidised costs for Tenet On-Demand services. To offer clients with little available cash either discounted or free "On-demand" services for tendering when CPC frameworks are used as the route to market. Funding allocated was £25k.
- Project 3 – Collaboration tender for Employee Screening services. This is a collaboration with Northern Procurement Group (NPG) who are the framework provider for Employee Screening Services to utilise its combined expertise to produce a large-scale tender which would unite public sector organisations in the purchase of Employee Screening services via the CPC framework. Funding allocated was £5k.
- Project 4 – Regional Procur.Ed Conferences. To deliver a first-class model that can be rolled out at other conferences nationwide by procuring the services of a specialist conference planning company. The aim would be to maximise member-supplier relationships to generate greater cost savings in the future. Funding allocated was £50k.
- Project 5 – Sponsorship of student related events and activities. Members regularly ask if the Group would provide support and sponsorship to a wide range of events and activities. A funding pot of £375k was allocated for members to make bids, up to a maximum of £20k to support causes such as purchasing gymnasium equipment, forest schools, IT skills development, library stock and much more.
- Project support – staffing costs. It was acknowledged early on that the administrative requirement of the above projects would require dedicated resource and so funding of £25k was allocated to fund a fixed term position.

The above projects have generated significant interest within the sector, particularly the sponsorship fund. It is envisaged that while there have been no monies distributed up to July 31, a large portion of the funds will be expended by November 2019. The long-term aim is for the large part of surpluses earned each year to be reinvested back into the sector through sponsorship and other projects.

The majority of CPC trustees work in educational institutions which are eligible for sponsorship and funding. It is stated in the related party transactions that no trustees sit on the panel which reviews and approves funding applications and any applications received will be identified and listed in future years financial statements.

The Group intends to continue growth over the coming years with its recently published three-year plan detailing how it will achieve its vision of being the procurement and procurement services partner of choice for the Education Sector.

The Group's mission is to provide outstanding procurement services to members and clients by achieving four aims;

1. Maximise framework and services income
2. Improve training services
3. Be an employer of choice
4. Achieve charitable objectives

Work has already begun with the expansion of the Communications team to include a specialised Marketing section working alongside a new Business Development Officer. This team will increase awareness of CPC frameworks and Tenet services to further increase membership and framework usage.

CRESCENT PURCHASING LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE TRUSTEES OF CRESCENT PURCHASING LIMITED

Improving training services and charitable objectives will be achieved by reinvesting our surpluses wisely and effectively as explained in the creation of the designated fund above.

The Group aims to be an employer of choice by not only providing competitive benefits to employees but by instilling a culture of being;

- People orientated
- Supportive
- Collaborative
- Professional
- Customer focussed

Underpinning this aim is the policy of "Grow your Own" which encourages the development of junior employees to fulfil their full potential within the Group thereby providing succession and continuity of service in the future.

CPC and its members are governed by the EU Public Procurement Regulations (2015) and CPC provides compliant framework agreements which are made available to members. CPC had, by July 2019 engaged over 700 suppliers to provide a wide range of goods and services to members.

CPC collaborates and co-ordinates its activities with University Consortia. CPC also works in partnership with a specialist consortium for catering supplies, TUCO and with Northern Procurement Group and Crown Commercial Service on joint frameworks.

CPC and Tenet have carried out a full risk analysis and considers the following to be the key risks;

- Failure to attract suppliers to respond to member RFQ's and online quotation requests
- Failure to deliver the correct and differentiated marketing strategy
- Loss of spend to other Consortia/ operators
- Failure to resource increased customer demands
- College mergers causing a change to in-house procurement provision
- Breach of GDPR legislation resulting in ICO investigation

Controls are in place to measure and respond to the threats and they are regularly reviewed by the Trustees.

The Trustees consider that the Charity has acted for the public benefit by making an effective initial contribution to the development of improved purchasing practice and training through its normal operation, through Crescent Learning and through the designated funds for reinvestment into the education sector.

FINANCIAL REVIEW

The Group's income for the period ended 31 July 2019 was £3,602,794 (2018: £3,219,340) and expenditure including amortisation of goodwill and FRS102 pension adjustments was £3,125,070 (2018: £2,688,414). This resulted in a trading surplus of £477,724 (2018: £530,926). The surplus is lower than the previous year though the 2018 figures included 15 months of Tenet Education Services trading following its purchase by CPC.

The Pension Scheme liability value is £616,000, a decrease of £670,000 compared to the previous year, of which £558,000 is the actuarial loss debited to the income and expenditure account, resulting in a total loss of £80,276. Cash in hand is invested in a high street deposit account and the Trustees will review its investment policy as resources increase.

The Trustees consider that the results are excellent in the current economic circumstance. The Trustees consider the current level of free reserves, £2,959,272 to be sufficient.

CRESCENT PURCHASING LIMITED
INDEPENDENT AUDITOR'S REPORT
TO THE TRUSTEES OF CRESCENT PURCHASING LIMITED

TRUSTEES' RESPONSIBILITIES IN RELATION TO THE FINANCIAL STATEMENTS

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity at the end of the financial year and of its surplus or deficit for the financial year. 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; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity 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 charity and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and the group and hence taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

PROVISION OF INFORMATION TO THE AUDITORS

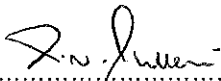
In so far as the trustees are aware at the time of approving our trustees' annual report:

- there is no relevant information, being information needed by the auditor in connection with preparing their report, of which the group's auditor is unaware, and
- the trustees, having made enquiries of fellow directors and the group's auditor that they ought to have individually taken, have each taken all steps that he/she is obliged to take as a director in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

AUDITORS

A resolution to reappoint Haines Watts as auditors will be put to the trustees.

Signed on behalf of the directors



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D N Pullein, Chair of Trustees

Approved by the Trustees on 19 November 2019

CRESCENT PURCHASING LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE TRUSTEES OF CRESCENT PURCHASING LIMITED

Opinion

We have audited the financial statements of Crescent Purchasing Limited (the 'charity') for the year ended 31 July 2019 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 July 2019 and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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 trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charity'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.

Other information

The trustees 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 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.

CRESCENT PURCHASING LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE TRUSTEES OF CRESCENT PURCHASING LIMITED

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the trustees' report; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities, the trustees, who are also the directors of the charity for the purpose of company law, 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 trustees 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 trustees are responsible for assessing the charity'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 trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditors under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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

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

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charity's trustees 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 charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Haines Watts

Candice Beynon FCCA (Senior Statutory Auditor)

for and on behalf of Haines Watts

Chartered Accountants

Statutory Auditor

Bridge House, Ashley Road

Hale, Altrincham, WA14 2UT

.....19/11/19.....

Haines Watts is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under of section 1212 of the Companies Act 2006

CRESCENT PURCHASING LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 JULY 2019

| | | Group | Group | Charity | Charity |
|------------------------------------------------------------|-------|------------------|------------------|------------------|------------------|
| | | 2019 | 2018 | 2019 | 2018 |
| | Notes | £ | £ | £ | £ |
| Income from: | | | | | |
| Donations and legacies | | - | - | 348,821 | 486,365 |
| Charitable activities | 3 | 3,591,455 | 3,216,570 | 2,049,914 | 1,856,151 |
| Investments | 4 | 11,339 | 2,770 | 8,214 | 2,770 |
| Total income | | 3,602,794 | 3,219,340 | 2,406,949 | 2,345,286 |
| Expenditure on: | | | | | |
| Charitable activities | 5 | 3,125,070 | 2,688,414 | 1,805,872 | 1,591,616 |
| Net income for the year/ Net incoming resources | | 477,724 | 530,926 | 601,077 | 753,670 |
| Other recognised gains and losses | | | | | |
| Actuarial (loss)/ gain on defined benefit pension schemes | | (558,000) | 274,000 | (558,000) | 274,000 |
| Net movement in funds | | (80,276) | 804,926 | 43,077 | 1,027,670 |
| Fund balances at 1 August 2018 | | 3,677,925 | 2,872,999 | 3,929,654 | 2,901,984 |
| Fund balances at 31 July 2019 | | 3,597,649 | 3,677,925 | 3,972,731 | 3,929,654 |

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

CRESCENT PURCHASING LIMITED

CONSOLIDATED BALANCE SHEET

AS AT 31 JULY 2019

| | | Group | Group | Charity | Charity |
|-------------------------------------------------------|-------|------------------|------------------|------------------|------------------|
| | Notes | 2019 | 2018 | 2019 | 2018 |
| | | £ | £ | £ | £ |
| Fixed assets | | | | | |
| Goodwill | 12 | 625,000 | 750,000 | - | - |
| Tangible assets | 13 | 89,162 | 85,257 | 78,895 | 77,666 |
| Investments | 14 | - | - | 1,377,962 | 1,377,962 |
| | | <u>714,162</u> | <u>835,257</u> | <u>1,456,857</u> | <u>1,455,628</u> |
| Current assets | | | | | |
| Debtors | 16 | 1,135,952 | 1,025,453 | 867,180 | 1,254,433 |
| Cash at bank and in hand | | 2,982,608 | 2,175,233 | 2,705,387 | 1,435,128 |
| | | <u>4,118,560</u> | <u>3,200,686</u> | <u>3,572,567</u> | <u>2,689,561</u> |
| Creditors: amounts falling due within one year | 17 | <u>(619,073)</u> | <u>(412,018)</u> | <u>(440,693)</u> | <u>(269,535)</u> |
| Net current assets | | <u>3,499,487</u> | <u>2,788,668</u> | <u>3,131,874</u> | <u>2,420,026</u> |
| Total assets less current liabilities | | <u>4,213,649</u> | <u>3,623,925</u> | <u>4,588,731</u> | <u>3,875,654</u> |
| Provisions for liabilities | 18 | <u>(616,000)</u> | <u>-</u> | <u>(616,000)</u> | <u>-</u> |
| Net assets excluding pension liability | | <u>3,597,649</u> | <u>3,623,925</u> | <u>3,972,731</u> | <u>3,875,654</u> |
| Defined benefit pension surplus | 18 | <u>-</u> | <u>54,000</u> | <u>-</u> | <u>54,000</u> |
| Net assets | | <u>3,597,649</u> | <u>3,677,925</u> | <u>3,972,731</u> | <u>3,929,654</u> |
| Income funds | | | | | |
| Unrestricted funds – designated | 19 | 482,215 | - | 482,215 | - |
| Unrestricted funds - general | | 3,115,434 | 3,677,925 | 3,490,516 | 3,929,654 |
| | | <u>3,597,649</u> | <u>3,677,925</u> | <u>3,972,731</u> | <u>3,929,654</u> |

CRESCENT PURCHASING LIMITED

CONSOLIDATED BALANCE SHEET

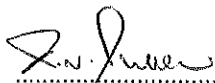
AS AT 31 JULY 2019

The company is entitled to the exemption from the audit requirement contained in section 477 of the Companies Act 2006, for the year ended 31 July 2019, although an audit has been carried out under section 144 of the Charities Act 2011. No member of the company has deposited a notice, pursuant to section 476, requiring an audit of these financial statements under the requirements of the Companies Act 2006.

The trustees acknowledge their responsibilities for ensuring that the charity keeps accounting records which comply with section 386 of the Act and for preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its incoming resources and application of resources, including its income and expenditure, for the financial year in accordance with the requirements of sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the company.

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

The financial statements were approved by the Trustees on 19/11/19



D N Pallein

Chair of Trustees

Company Registration No. 06774578

CRESCENT PURCHASING LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 JULY 2019

| | Notes | 2019 £ | £ | 2018 £ | £ |
|-------------------------------------------------------------|-------|-----------|------------------|-----------|------------------|
| Cash flows from operating activities | | | | | |
| Cash generated from operations | 24 | | 818,385 | | 713,702 |
| Investing activities | | | | | |
| Purchase of tangible fixed assets | | (22,349) | | (86,372) | |
| Interest received | | 11,339 | | 2,770 | |
| Net cash used in investing activities | | | (11,010) | | (83,602) |
| Net cash used in financing activities | | | - | | - |
| Net increase/(decrease) in cash and cash equivalents | | | 807,375 | | 630,100 |
| Cash and cash equivalents at beginning of year | | | 2,175,233 | | 1,545,133 |
| Cash and cash equivalents at end of year | | | 2,982,608 | | 2,175,233 |

CRESCENT PURCHASING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2019

1 Accounting policies

Charity information

Crescent Purchasing Limited is a private company limited by guarantee incorporated in England and Wales. The registered office is Procurement House, Lesley Hough Way, Salford, M6 6AJ.

The Crescent Group consists of Crescent Purchasing Limited and all of its subsidiaries.

1.1 Accounting convention

The financial statements have been prepared in accordance with the charity's memorandum and articles of association, the Companies Act 2006 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" (as amended for accounting periods commencing from 1 January 2016). The charity is a Public Benefit Entity as defined by FRS 102.

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

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

The charity is a qualifying entity for the purposes of FRS102 and the Charity SORP, being a member of a group where the parent of that group prepares publicly available consolidated financial statements which are intended to give a true and fair view (of the assets, liabilities, financial position and profit or loss) and that member is included in the consolidation. The charity has therefore taken the advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements;

- Section 7 "Statement of Cash Flows" - Presentation of a statement of cash flow and related notes disclosures
- Section 33 "Related Party Disclosures" - Compensation for key management personnel.

1.2 Going concern

At the time of approving the financial statements, the trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. Thus the trustees continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Charitable funds

Unrestricted funds are available for use at the discretion of the trustees in furtherance of their charitable objectives unless the funds have been designated for other purposes.

Restricted funds are subject to specific conditions by donors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the financial statements.

Endowment funds are subject to specific conditions by donors that the capital must be maintained by the charity.

1.4 Incoming resources

Income is recognised when the charity is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

CRESCENT PURCHASING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2019

1 Accounting policies

Cash donations are recognised on receipt. Other donations are recognised once the charity has been notified of the donation, unless performance conditions require deferral of the amount. Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Legacies are recognised on receipt or otherwise if the charity has been notified of an impending distribution, the amount is known, and receipt is expected. If the amount is not known, the legacy is treated as a contingent asset.

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity, this is normally upon notification of the interest paid or payable by the bank.

1.5 Resources expended

Expenditure is included within the Statement of Financial Activities on an accruals basis. Irrecoverable VAT has been charged as a cost against the activity in which the expenditure was incurred. All expenditure is solely for the purpose of achieving the charities objectives and has been disclosed within those cost categories.

Governance costs are recognised when, and to the extent that, the charity can identify activities in which are associated with the general running of the charity, as opposed to being directly associated with its charitable activities.

Support costs are recognised when the charity can identify centralised services that benefit all areas of the charity's operations.

1.6 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of unincorporated businesses over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill shall be considered to have a finite useful life, and shall be amortised on a systematic basis over its life.

1.7 Intangible fixed assets other than goodwill

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

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

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

| | |
|------------------------|--------------|
| Customer relationships | Over 8 years |
| Brand | Over 8 years |

CRESCENT PURCHASING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2019

1 Accounting policies

1.8 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of 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 expected useful lives on the following bases:

| | |
|------------------------|----------------------------|
| Leasehold improvements | Over the life of the lease |
| Plant and equipment | Between 3 and 6 years |
| Fixtures and fittings | Over 5 years |

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in net income/(expenditure) for the year.

1.9 Impairment of fixed assets

At each reporting end date, the charity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

1.10 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 three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.11 Financial instruments

The charity 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 charity's balance sheet when the charity becomes party to the contractual provisions of the instrument.

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

Basic financial assets

Basic financial assets, which include 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. Financial assets classified as receivable within one year are not amortised.

CRESCENT PURCHASING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2019

1 Accounting policies

Basic financial liabilities

Basic financial liabilities, including creditors and bank loans 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. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts 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.

Derecognition of financial liabilities

Financial liabilities are derecognised when the charity's contractual obligations expire or are discharged or cancelled.

1.12 Employee benefits

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 charity is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.13 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

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

The change in the net defined benefit liability arising from employee service during the year is recognised as an employee cost. The cost of plan introductions, benefit changes, settlements and curtailments are recognised as incurred.

The net interest element is determined by multiplying the net defined benefit liability by the discount rate, taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments. The net interest is recognised in income/(expenditure) for the year.

Re-measurement changes comprise actuarial gains and losses, the effect of the asset ceiling and the return on the net defined benefit liability excluding amounts included in net interest. These are recognised immediately in other recognised gains and losses in the period in which they occur and are not reclassified to income/(expenditure) in subsequent periods.

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

CRESCENT PURCHASING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2019

1 Accounting policies

1.14 Basis of consolidation

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in the previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

The consolidated financial statements incorporate those of Crescent Purchasing Limited and all of its subsidiaries (ie entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 31 July 2019. Where appropriate, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Tenet Education Services Limited and Tenet Procurement Services have been included in the group financial statements using the purchase method of accounting. Accordingly, the group statement of financial activities and statement of cash flows include the results and cash flows of Tenet Education Services Limited and Tenet Procurement Services Limited.

2 Critical accounting estimates and judgements

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

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

During the current or preceding financial statements, no critical judgements or estimates were used in the preparation of these financial statements.

3 Charitable activities

| | Group 2019 £ | Group 2018 £ | Charity 2019 £ | Charity 2018 £ |
|--------------------|--------------------|--------------------|----------------------|----------------------|
| Marketing premiums | 1,753,753 | 1,575,999 | 2,008,512 | 1,828,558 |
| Services rendered | 1,522,753 | 1,351,155 | - | 22,412 |
| Other income | 314,949 | 289,416 | 41,402 | 5,181 |
| | <u>3,591,455</u> | <u>3,216,570</u> | <u>2,049,914</u> | <u>1,856,151</u> |

CRESCENT PURCHASING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2019

4 Investments

| | 2019 | 2018 |
|---------------------|--------|-------|
| | £ | £ |
| Interest receivable | 11,339 | 2,770 |

All of the Group's investment income of £11,339 (2018: £2,770) arises in Crescent Purchasing Limited from money held in interest bearing deposit accounts.

5 Charitable activities

| | Group 2019 £ | Group 2018 £ | Charity 2019 £ | Charity 2018 £ |
|----------------------------------------------|--------------------|--------------------|----------------------|----------------------|
| Staff costs | 2,325,659 | 1,958,918 | 1,146,340 | 986,732 |
| Occupancy costs | 75,782 | 67,175 | 74,921 | 62,582 |
| Telephone | 23,764 | 20,927 | 16,965 | 6,347 |
| Postage and stationery | 7,206 | 5,327 | 5,000 | 3,715 |
| Insurance | 27,059 | 21,323 | 22,181 | 17,588 |
| Legal costs | 3,524 | 15,538 | 3,524 | 14,138 |
| Travel costs | 99,750 | 90,588 | 25,118 | 20,261 |
| Recruitment and training | 37,186 | 35,052 | 18,282 | 14,080 |
| Marketing and advertising | 57,909 | 32,698 | 20,778 | 10,766 |
| Crescent learning | 106,891 | 91,201 | 106,891 | 91,201 |
| Procurement partner and member shared income | 13,358 | 19,748 | 268,117 | 266,898 |
| Provision for bad debts | 5,281 | 1,265 | 3,117 | 1,265 |
| Bank charges | 3,139 | 2,874 | 1,918 | 1,833 |
| Other expenditure | 30,972 | 15,249 | 17,517 | 18,895 |
| ICT costs | 59,701 | 49,935 | 27,924 | 20,338 |
| | 2,877,181 | 2,427,818 | 1,758,593 | 1,536,639 |
| Grant Funding Activities (see note 6) | 17,785 | - | 17,785 | - |
| Share of support costs (see note 7) | 208,165 | 238,490 | 15,197 | 40,178 |
| Share of governance costs (see note 7) | 21,939 | 22,106 | 14,297 | 14,799 |
| | 3,125,070 | 2,688,414 | 1,805,872 | 1,591,616 |
| Analysis by fund | | | | |
| Unrestricted funds – general | 3,107,285 | 2,688,414 | 1,788,087 | 1,591,616 |
| Unrestricted funds - designated | 17,785 | - | 17,785 | - |
| | 3,125,070 | 2,688,414 | 1,805,872 | 1,591,616 |

CRESCENT PURCHASING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2019

6 Grants payable

Grants payable during the year is expenditure made from the charity's designated funds towards agreed projects detailed in the trustees' report. Further cost information on these projects can be found in the designated funds disclosure in note 19.

This expenditure falls outside of standard operational costs. The Group has made surpluses over many years with the express intention of distributing some back to the education sector. As a result of this accumulating over years but potentially being distributed in one, it may lead to deficits in some years whilst maintaining a healthy reserve overall. 2019/20 will be an example of this when the £482,215 designated fund balance (see note 19) is expended.

7 Group Support costs

| | Support costs | Governance costs | 2019 | 2018 | Basis of allocation |
|------------------------|----------------|------------------|----------------|----------------|---------------------|
| | £ | £ | £ | £ | |
| Staff costs | 64,721 | - | 64,721 | 73,312 | Administration |
| Depreciation | 143,444 | - | 143,444 | 165,178 | Support |
| Audit fees | - | 10,000 | 10,000 | 7,000 | Governance |
| Legal and professional | - | 7,789 | 7,789 | 4,916 | Governance |
| Accountancy | - | 4,150 | 4,150 | 10,190 | Governance |
| | <u>208,165</u> | <u>21,939</u> | <u>230,104</u> | <u>260,596</u> | |
| Analysed between | | | | | |
| Charitable activities | <u>208,165</u> | <u>21,939</u> | <u>230,104</u> | <u>260,596</u> | |

Governance costs includes payments to the auditors of £11,000 (2018: £11,000) for audit fees.

| Charity | Support costs | Governance costs | 2019 | 2018 | Basis of allocation |
|------------------------|---------------|------------------|---------------|---------------|---------------------|
| | £ | £ | £ | £ | |
| Depreciation | 15,197 | - | 15,197 | 40,178 | Support |
| Audit fees | - | 7,000 | 7,000 | 7,000 | Governance |
| Legal and professional | - | 3,147 | 3,147 | 3,709 | Governance |
| Accountancy | - | 4,150 | 4,150 | 4,090 | Governance |
| | <u>15,197</u> | <u>14,297</u> | <u>29,494</u> | <u>54,977</u> | |
| Analysed between | | | | | |
| Charitable activities | <u>15,197</u> | <u>14,297</u> | <u>29,494</u> | <u>54,977</u> | |

Governance costs includes payments to the auditors of £7,000 (2018: £7,000) for audit fees.

CRESCENT PURCHASING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2019

8 Net movement in funds

| | Group 2019 £ | Group 2018 £ | Charity 2019 £ | Charity 2018 £ |
|-------------------------------------------------------------------------------------------|--------------------|--------------------|----------------------|----------------------|
| Net movement in funds is stated after charging/(crediting) | | | | |
| Fees payable to the company's auditor for the audit of the company's financial statements | 10,000 | 7,000 | 7,000 | 7,000 |
| Depreciation of owned tangible fixed assets | 18,444 | 1,115 | 15,197 | 1,115 |
| Amortisation of intangible assets | 125,000 | 164,063 | - | 39,063 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |

9 Trustees

None of the trustees (or any persons connected with them), except for the Managing Director, received any remuneration during the year, but 9 of them were reimbursed a total of £4,607 travelling expenses (2018: £4,088).

Please see note 10 for further disclosure of remuneration and key management personnel.

10 Employees

Number of employees

The average monthly number employees during the year was:

| | Group 2019 Number | Group 2018 Number | Charity 2019 Number | Charity 2018 Number |
|---------------------------------------|-------------------------|-------------------------|---------------------------|---------------------------|
| Professional and administrative staff | 55 | 48 | 28 | 25 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Employment costs | 2019 | 2018 | 2019 | 2018 |
| | £ | £ | £ | £ |
| Wages and salaries | 1,898,831 | 1,597,177 | 862,048 | 726,058 |
| Social security costs | 189,856 | 163,313 | 95,392 | 79,982 |
| Other pension costs | 199,835 | 176,465 | 177,379 | 159,669 |
| | <u>2,288,522</u> | <u>1,936,955</u> | <u>1,134,819</u> | <u>965,709</u> |

Included within other pension costs are current service costs and associated interest expense on defined benefit pension plans. During the year, the company recognised current service costs and interest expenses from defined benefit pension plans of £112,000 (2018: £115,000).

Included within Governance Costs are wages recharges to the value of £64,721 for the Human Resources, Finance and Marketing departments through virtue of shared service to all of the charitable activities.

CRESCENT PURCHASING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2019

10 Employees

The number of employees whose annual remuneration was £60,000 or more were:

| | 2019 Number | 2018 Number | 2019 Number | 2018 Number |
|-----------|----------------|----------------|----------------|----------------|
| Directors | <u>3</u> | <u>1</u> | <u>1</u> | <u>1</u> |

Peter Brewer (Managing Director) is the only key management personnel associated with the direct running of the charity. Peter Brewer was paid total remuneration of £102,121 (2018: £97,528). The remuneration for Peter Brewer was provided in his capacity of Managing Director of the charitable activities and not in his capacity of trustee of the charity. Included within total remuneration were pension contributions totalling £7,380 (2018: £5,629)

11 Taxation

The charity is exempt from tax on income and gains falling within section 505 of the taxes act 1988 or section 252 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects.

12 Group intangible fixed assets

| | Goodwill £ | Customer relationships £ | Brand £ | Total £ |
|------------------------------------|------------------|--------------------------------|----------------|------------------|
| Cost | | | | |
| At 1 August 2018 and 31 July 2019 | <u>1,814,474</u> | <u>69,003</u> | <u>366,523</u> | <u>2,250,000</u> |
| Amortisation and impairment | | | | |
| At 1 August 2018 | 1,391,118 | 17,252 | 91,630 | 1,500,000 |
| Amortisation charged for the year | <u>70,559</u> | <u>8,626</u> | <u>45,815</u> | <u>125,000</u> |
| At 31 July 2019 | <u>1,461,677</u> | <u>25,878</u> | <u>137,445</u> | <u>1,625,000</u> |
| Carrying amount | | | | |
| At 31 July 2019 | <u>352,797</u> | <u>43,125</u> | <u>229,078</u> | <u>625,000</u> |
| At 31 July 2018 | <u>423,356</u> | <u>51,751</u> | <u>274,893</u> | <u>750,000</u> |

CRESCENT PURCHASING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2019

12 Charity intangible fixed assets

| | Goodwill £ |
|------------------------------------|---------------|
| Cost | |
| At 1 August 2018 and 31 July 2019 | 1,250,000 |
| Amortisation and impairment | |
| At 1 August 2018 | 1,250,000 |
| Amortisation charged for the year | - |
| At 31 July 2019 | 1,250,000 |
| Carrying amount | |
| At 31 July 2019 | - |
| At 31 July 2018 | - |

13 Group tangible fixed assets

| | Leasehold improvements £ | Plant and equipment £ | Fixtures and fittings £ | Total £ |
|------------------------------------|--------------------------------|-----------------------------|-------------------------------|------------|
| Cost | | | | |
| At 1 August 2018 | 58,757 | 12,081 | 15,534 | 86,372 |
| Additions | - | 12,598 | 9,751 | 22,349 |
| At 31 July 2019 | 58,757 | 24,679 | 25,285 | 108,721 |
| Depreciation and impairment | | | | |
| At 1 August 2018 | 802 | 54 | 259 | 1,115 |
| Depreciation charged in the year | 9,795 | 5,206 | 3,443 | 18,444 |
| At 31 July 2019 | 10,597 | 5,260 | 3,702 | 19,559 |
| Carrying amount | | | | |
| At 31 July 2019 | 48,160 | 19,419 | 21,583 | 89,162 |
| At 31 July 2018 | 57,955 | 12,027 | 15,275 | 85,257 |

CRESCENT PURCHASING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2019

13 Charity tangible fixed assets

| | Leasehold improvements | Plant and equipment | Fixtures and fittings | Total |
|------------------------------------|---------------------------|------------------------|--------------------------|--------|
| Cost | £ | £ | £ | £ |
| At 1 August 2018 | 58,757 | 4,490 | 15,534 | 78,781 |
| Additions | - | 6,675 | 9,751 | 16,426 |
| At 31 July 2019 | 58,757 | 11,165 | 25,285 | 95,207 |
| Depreciation and impairment | | | | |
| At 1 August 2018 | 802 | 54 | 259 | 1,115 |
| Depreciation charged in the year | 9,795 | 1,959 | 3,443 | 15,197 |
| At 31 July 2019 | 10,597 | 2,013 | 3,702 | 16,312 |
| Carrying amount | | | | |
| At 31 July 2019 | 48,160 | 9,152 | 21,583 | 78,895 |
| At 31 July 2018 | 57,955 | 4,436 | 15,275 | 77,666 |

14 Charity fixed asset investments

| | 2019 | 2018 |
|---------------------------------|-----------|-----------|
| Cost or valuation | | |
| At 1 August 2018 & 31 July 2019 | | 1,377,962 |
| Carrying amount | | |
| At 31 July 2019 | | 1,377,962 |
| At 31 July 2018 | | 1,377,962 |
| Other investments comprise: | £ | £ |
| Investments in subsidiaries | 1,377,962 | 1,377,962 |

CRESCENT PURCHASING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2019

| | | | | | |
|-----------|-------------------------------------------------------|-------------------|-------------------|-------------------|-------------------|
| 15 | Financial instruments | | | | |
| | | Group | Group | Charity | Charity |
| | | 2019 | 2018 | 2019 | 2018 |
| | | £ | £ | £ | £ |
| | Carrying amount of financial assets | | | | |
| | Debt instruments measured at amortised cost | 348,001 | 379,682 | 114,833 | 124,826 |
| | | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| | Carrying amount of financial liabilities | | | | |
| | Measured at amortised cost | 455,995 | 229,957 | 384,774 | 246,407 |
| | | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| 16 | Debtors | | | | |
| | Amounts falling due within one year: | | | | |
| | | Group | Group | Charity | Charity |
| | | 2019 | 2018 | 2019 | 2018 |
| | | £ | £ | £ | £ |
| | Trade debtors | 275,130 | 309,682 | 41,962 | 54,826 |
| | Other debtors | 72,871 | 70,000 | 72,871 | 70,000 |
| | Prepayments and accrued income | 787,951 | 645,771 | 752,347 | 1,129,607 |
| | | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| | | 1,135,952 | 1,025,453 | 867,180 | 1,254,433 |
| | | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| 17 | Creditors: amounts falling due within one year | | | | |
| | | Group | Group | Charity | Charity |
| | | 2019 | 2018 | 2019 | 2018 |
| | | £ | £ | £ | £ |
| | Other taxation and social security | 163,078 | 182,061 | 55,919 | 23,128 |
| | Trade creditors | 162,489 | 55,091 | 122,935 | 36,060 |
| | Other creditors | 14,905 | 4,365 | 5,763 | - |
| | Accruals and deferred income | 278,601 | 170,501 | 256,076 | 210,347 |
| | | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| | | 619,073 | 412,018 | 440,693 | 269,535 |
| | | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| | Provision for liabilities | | | | |
| | | Group | Group | Charity | Charity |
| | | 2019 | 2018 | 2019 | 2018 |
| | | £ | £ | £ | £ |
| | Retirement benefit obligations | 616,000 | - | 616,000 | - |
| | | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| | | 616,000 | - | 616,000 | - |
| | | <u> </u> | <u> </u> | <u> </u> | <u> </u> |

CRESCENT PURCHASING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2019

18 Retirement benefit schemes

Defined contribution schemes

The charity operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the charity in an independently administered fund.

The charge to profit or loss in respect of defined contribution schemes was £22,456 (2018: £19,708).

Defined benefit schemes

Key assumptions

| | 2019 | 2018 |
|--------------------------------------------------|------|------|
| | % | % |
| Discount rate | 2.20 | 2.80 |
| Expected rate of increase of pensions in payment | 2.20 | 2.00 |
| Expected rate of salary increases | 3.45 | 3.25 |
| Inflation assumption (RPI) | 3.20 | 3.10 |
| Inflation assumption (CPI) | 2.20 | 2.00 |

Mortality assumptions

The assumed life expectations on retirement at age 65 are:

| | 2019 | 2018 |
|----------------------|-------|-------|
| | Years | Years |
| Retiring today | | |
| - Males | 22.2 | 22.1 |
| - Females | 25.4 | 25.3 |
| Retiring in 20 years | | |
| - Males | 23.2 | 23.1 |
| - Females | 27.2 | 27.1 |

Amounts recognised in the profit and loss account:

| | 2019 | 2018 |
|---------------------------------------------------|----------|----------|
| | £ | £ |
| Current service cost | 179,000 | 156,000 |
| Net interest on defined benefit liability/(asset) | 82,000 | 72,000 |
| Other costs and income | (84,000) | (70,000) |
| Total costs | 177,000 | 158,000 |

CRESCENT PURCHASING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2019

18 Retirement benefit schemes

Amounts taken to other comprehensive income:

| | 2019 £ | 2018 £ |
|---------------------------------------------------|-----------|-----------|
| Actual return on scheme assets | (126,000) | (138,000) |
| Return on scheme assets excluding interest income | (126,000) | (138,000) |
| Actuarial changes related to obligations | 684,000 | (136,000) |

The amounts included in the balance sheet arising from the charity's obligations in respect of defined benefit plans are as follows:

| | 2019 £ | 2018 £ |
|----------------------------------------------|-------------|-------------|
| Present value of defined benefit obligations | 3,869,000 | 2,901,000 |
| Fair value of plan assets | (3,253,000) | (2,955,000) |
| (Surplus)/deficit in scheme | 616,000 | (54,000) |

Movements in the present value of defined benefit obligations:

| | 2019 £ |
|-----------------------------------|-----------|
| Liabilities at 1 August 2018 | 2,901,000 |
| Current service cost | 179,000 |
| Benefits paid | (28,000) |
| Contributions from scheme members | 51,000 |
| Actuarial gains and losses | 684,000 |
| Interest cost | 82,000 |
| At 31 July 2019 | 3,869,000 |

The defined benefit obligations arise from plans which are wholly or partly funded.

Movements in the fair value of plan assets:

| | 2019 £ |
|--------------------------------------------------------------------|-----------|
| Fair value of assets at 1 August 2018 | 2,955,000 |
| Return on plan assets (excluding amounts included in net interest) | 126,000 |
| Benefits paid | (28,000) |
| Contributions by the employer | 65,000 |
| Contributions by scheme members | 51,000 |
| Other | 84,000 |
| At 31 July 2019 | 3,253,000 |

CRESCENT PURCHASING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2019

18 Retirement benefit schemes

The fair value of plan assets at the reporting period end was as follows:

| | 2019 | 2018 |
|--------------------|------------------|------------------|
| | £ | £ |
| Equity instruments | 2,557,000 | 2,204,000 |
| Debt instruments | 439,000 | 423,000 |
| Property | 140,000 | 124,000 |
| Cash | 68,000 | 65,000 |
| Other | 49,000 | 139,000 |
| | <u>3,253,000</u> | <u>2,955,000</u> |

19 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:

| | Resources expended £ | Transfers £ | Balance at 31 July 2019 £ |
|--------------------------------------------------------------------------|----------------------------|----------------|---------------------------------|
| Project 1 - E-learning Courses | (6,000) | 20,000 | 14,000 |
| Project 2 - Subsidised costs for Tenet On Demand services | (7,870) | 25,000 | 17,130 |
| Project 3 - Collaboraton tender exercise for employee screening services | - | 5,000 | 5,000 |
| Project 4 - Regional Procur.Ed conferences | - | 50,000 | 50,000 |
| Project 5 – Sponsorship of student events/activities | - | 375,000 | 375,000 |
| Project Support - Staffing costs | (3,915) | 25,000 | 21,085 |
| | <u>(17,785)</u> | <u>500,000</u> | <u>482,215</u> |

20 Analysis of net assets between funds

| | Unrestricted 2019 £ | Designated 2019 £ | Total 2019 £ | Total 2018 £ |
|---------------------------------------------------|---------------------------|-------------------------|--------------------|--------------------|
| Fund balances at 31 July 2019 are represented by: | | | | |
| Intangible fixed assets | 625,000 | - | 625,000 | 750,000 |
| Tangible assets | 89,162 | - | 89,162 | 85,257 |
| Current assets | 3,017,272 | 482,215 | 3,499,487 | 2,788,668 |
| Provisions and pensions | (616,000) | - | (616,000) | 54,000 |
| | <u>3,115,434</u> | <u>482,215</u> | <u>3,597,649</u> | <u>3,677,925</u> |

CRESCENT PURCHASING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2019

21 Operating lease commitments

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

| | Group 2019 £ | Group 2018 £ | Charity 2019 £ | Charity 2018 £ |
|----------------------------|--------------------|--------------------|----------------------|----------------------|
| Within one year | 23,677 | 23,677 | 23,677 | 23,677 |
| Between two and five years | 150,618 | 155,889 | 150,618 | 155,889 |
| In over five years | - | 8,606 | - | 8,606 |
| | <u>174,295</u> | <u>188,172</u> | <u>174,295</u> | <u>188,172</u> |

22 Related party transactions

The charity has taken the exemption of FRS102 S1A to not disclose transactions with wholly owned subsidiaries

The charity outsources its payroll function to Leeds College of Building, in which Mr D Pullein is the Vice Principal - Finance and Resources. Payments for payroll administration services totalling £3,400 (2018: £4,008) were made during the year. There was an outstanding balance owing to Leeds College of Building at the year-end date of £91,335 (2018: £nil).

Grants payable from designated funds (project 5) are available to all institutions that pass the relevant criteria. This is therefore open to the institutions which employ the trustees of the charity. No trustees are involved in the review and approval of grant applications and at July 31 no submissions from these organisations had been received.

23 Subsidiaries

Consolidated financial statements for parent charitable companies are required under the Charity SORP (FRS102)

Details of the charity's subsidiaries at 31 July 2019 are as follows:

| Name of undertaking | Registered office | Nature of business | Class of shares held | % Held | |
|------------------------------------|-------------------|-------------------------------------------------|----------------------|--------|----------|
| | | | | Direct | Indirect |
| Tenet Education Services Limited | United Kingdom | Provision of advisory and consultancy services | Ordinary | 100.00 | |
| Tenet Procurement Services Limited | United Kingdom | Provision of advisory and consultancy services. | Ordinary | | 100.00 |

All investments in subsidiaries are held at cost less provision for impairment, and are eliminated upon consolidation.

CRESCENT PURCHASING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2019

| 24 Cash generated from operations | 2019 £ | 2018 £ |
|-------------------------------------------------------------------|----------------|----------------|
| Surplus for the year | 477,724 | 530,926 |
| Adjustments for: | | |
| Investment income recognised in statement of financial activities | (11,339) | (2,770) |
| Amortisation and impairment of intangible assets | 125,000 | 164,063 |
| Depreciation and impairment of tangible fixed assets | 18,444 | 1,115 |
| Difference between pension charge and cash contributions | 112,000 | 115,000 |
| Movements in working capital: | | |
| (Increase) in debtors | (110,499) | (118,255) |
| Increase in creditors | 207,055 | 23,623 |
| Cash generated from operations | <u>818,385</u> | <u>713,702</u> |