



Annual Report & Consolidated Financial Statements Crescent Purchasing Limited

For the year ended 31 July 2020
Company 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

Trustees and Directors

J C Bentley, Executive Director of Finance and Estates, Hopwood Hall College

P Brewer, Managing Director, CPC

N Cassidy, Procurement Manager, 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

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

P Kane, Deputy Head of Estate, Belfast Metropolitan College (co-opted with voting rights)

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

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 2020

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 2020 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 BENEFITS STATEMENT

The objective of the charity is to be the procurement and procurement services partner of choice for the Education sector by providing outstanding procurement services to members and clients.

REPORT OF THE TRUSTEES

Crescent Purchasing Limited (CPL) was established in 1999 by the University of Salford to facilitate collaborative purchasing in the Further Education Sector.

CPL was established as a charity in November 2009 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, the Department for Education and Higher Education Purchasing Consortia.

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

Appointments

none

Resignations

K O'Connor, Head of Marketing, Capital City College Group (resigned 01/10/19)

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.

CPC, by July 2020 had 7,316 members of which 170 had confirmed their status as "owner members" of the charitable company as full members, limited by guarantee. Membership consists primarily of English colleges, schools, academies and academy trusts 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 continue to benefit from the acquisition of Tenet Education Services Limited which has donated £1,026k 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 5 FTE. CPC now has 33 staff roles – 28 office and 5 field based.

Charitable Objectives

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.

CRESCENT PURCHASING LIMITED

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2020

The Board of Trustees, in March 2019 approved £500k of funding for five projects and by the end of July 2019 £17,785 of this funding had been spent. A further £325,477 was expended during 2019/20. The sponsorship of student events/activities generated particular interest within the sector with 33 institutions being awarded cash to fund projects/activities such as the creation of forest schools, wildlife ponds, library books, gymnasium equipment, purchase of chrome-books, wellbeing provision for students and much more.

135 members have taken or are in the process of completing the free e-learning courses which comprises 5 modules covering the basics of procurement within an educational institution. Feedback has been excellent to date.

38 institutions have so far taken advantage of the subsidised fees for Tenet on demand services. This is designed to help those institutions who may not normally be able to afford such a service. The aim is that CPC frameworks are used as the route to market with the premiums gained by CPC being used to fund further projects. Tenders awarded to date as a direct result of these subsidies will generate £166k of income for CPC over the next four years.

This year also saw the launch of Educom which is a CPL funded effort to bring art and English education to the whole education sector utilising the medium of Comic books with their creators providing the teaching. The first event at a school in Oldham was extremely successful with over 100 pupils and many of their teachers enthusiastically taking part. There are plans to hold many more of these events across the UK.

The success of these projects and the surpluses generated by the Group in 2019 enabled the trustees to transfer an additional £500k into designated reserves and add 5 more projects. All activity is summarised in the table below. This table is replicated in note 21 (Designated funds) of the accounts.

Ref	Project	Initial Fund (£)	Spent to date (£)	Added funds (£)	Balance (£)
1	Provision of free E-learning courses for members	20,000	(14,122)	-	5,878
2	Subsidised fees for Tenet on-demand services	25,000	(35,620)	25,000	14,380
3	Collaboration tender for a new framework	5,000	-	5,000	10,000
4	Regional Procur.Ed conferences	50,000	(5,000)	-	45,000
5	Sponsorship of student events/activities	375,000	(259,020)	282,000	397,980
6	Provision of free review of in-house services	-	-	40,000	40,000
7	Educom – providing free teaching from comic artists	-	(293)	5,000	4,707
8	Facilitate Procurement Advisory Group (PAG)	-	-	5,000	5,000
9	Facilitate Estate Groups	-	(292)	3,000	2,708
10	Provision of free delivery of tenders	-	-	100,000	100,000
	Marketing and materials	-	-	10,000	10,000
	Project support - administration	25,000	(28,915)	25,000	21,085
	TOTAL	500,000	(343,262)	500,000	656,738

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 majority of the above projects were put on hold due to the pandemic and lockdown. The balance of designated funds will remain in place until such time as management deem it prudent to continue.

Coronavirus

The national lockdown in response to the global pandemic has had a direct impact on the Group. The closure of educational institutions caused a significant reduction in framework activity and therefore marketing premium income. Tenet income was less affected with procurement placement services continuing as normal. Tendering services were not affected though some planned works were deferred into 20/21.

CRESCENT PURCHASING LIMITED

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2020

The Group has invested heavily in mobile devices for its staff during the last two years and as a result was able to move its entire workforce into home working within 24 hours of the expectation that a lockdown was due. Work was able to continue with little disruption to the point that agile working is to be adopted on a permanent basis. This will not only improve work life balance for many staff but also reduce travel costs and reduce the carbon footprint of the Group. A programme is currently in development to provide continual support to staff and maintain their well-being as the pandemic continues into the longer term.

CPC, during the lockdown was pleased to assign two of its procurement specialists to the NHS free of charge to assist them in their procurement of PPE and ensure they achieved value for money.

The Group has sufficient reserves and cash to withstand events such as these though the impact has resulted in a much more cautious approach to the 5-year business plan and budgets. Thresholds have been put into place should income levels drop again which will trigger appropriate responses to enable business continuity.

Looking Ahead

The Group intends to continue growth over the coming years and is now one year into its three-year strategic 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

The Communications team was expanded during the year 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.

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. There are already some notable successes under this policy.

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 2020 engaged over 700 suppliers over 65 frameworks 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 TUCO, a specialist consortium for catering supplies and with Northern Procurement Group on joint frameworks.

CRESCENT PURCHASING LIMITED

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2020

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
- Further lockdowns due to Coronavirus

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 2020 was £3,446,600 (2019: £3,602,794) and expenditure including amortisation of goodwill and FRS102 pension adjustments was £3,771,411 (2019: £3,125,070). This resulted in a trading loss of £324,811 (2019 Surplus: £477,724). The loss in the year is due to the impact of the national lockdown on premium income in Q4 and the monies given back to the sector as part of achieving its charitable objectives.

The Pension Scheme liability value is £2,425,000, an increase of £1,809,000 compared to the previous year, of which £1,497,000 is the actuarial loss debited to the income and expenditure account, resulting in a total loss of £1,821,811. Cash reserves have increased in the year despite the reduction in income. A new Treasury policy was developed during the year to ensure maximum benefit is gained from this resource

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

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.

CRESCENT PURCHASING LIMITED

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2020

PROVISION OF INFORMATION TO THE AUDITORS

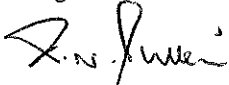
In so far as the trustees are aware at the time of approving our trustees' annual report:

- 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



D N Pullein, Chair of Trustees

Approved by the Trustees on 11th November 2020

CRESCENT PURCHASING LIMITED

INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED 31 JULY 2020

Opinion

We have audited the financial statements of Crescent Purchasing Limited (the 'charity') and its subsidiaries (the group) for the year ended 31 July 2020 which comprise the group and parent statement of financial activities, the group and parent balance sheet, the group 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

In our opinion, the financial statements:

- give a true and fair view of the state of the group and charitable company's affairs as at 31 July 2020 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.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. The Covid-19 viral pandemic is one of the most significant economic events for the UK with unprecedented levels of uncertainty of outcomes. It is therefore difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and wider economy.

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

11/11/2020

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 2020

		Group	Group	Charity	Charity
		2020	2019	2020	2019
			Restated		
	Notes	£	£	£	£
Income from:					
Donations and legacies		-	-	191,731	348,821
Charitable activities	3	3,394,186	3,591,455	1,892,982	2,139,781
Investments	4	15,658	11,339	12,186	8,214
Other income	5	36,756	-	25,267	-
Total income		3,446,600	3,602,794	2,122,166	2,496,816
Expenditure on:					
Charitable activities	6	3,771,411	3,125,070	2,330,439	1,895,739
Net income for the year/ Net incoming resources		(324,811)	477,724	(208,273)	601,077
Other recognised gains and losses					
Actuarial loss on defined benefit pension schemes		(1,497,000)	(558,000)	(1,497,000)	(558,000)
Net movement in funds		(1,821,811)	(80,276)	(1,705,273)	43,077
Fund balances at 1 August 2019		3,587,649	3,667,925	3,972,731	3,929,654
Fund balances at 31 July 2020		1,765,838	3,587,649	2,267,458	3,972,731

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 2020

	Notes	Group 2020 £	Group 2019 Restated £	Charity 2020 £	Charity 2019 £
Fixed assets					
Goodwill	13	490,000	615,000	-	-
Tangible assets	14	163,566	89,162	153,013	78,895
Investments	15	-	-	1,377,962	1,377,962
		<u>653,566</u>	<u>704,162</u>	<u>1,530,975</u>	<u>1,456,857</u>
Current assets					
Debtors	17	851,569	1,135,952	613,103	867,180
Cash at bank and in hand		3,352,873	2,982,608	2,939,759	2,705,387
		<u>4,204,442</u>	<u>4,118,560</u>	<u>3,552,862</u>	<u>3,572,567</u>
Creditors: amounts falling due within one year	18	<u>(667,170)</u>	<u>(619,073)</u>	<u>(391,379)</u>	<u>(440,693)</u>
Net current assets		<u>3,537,272</u>	<u>3,499,487</u>	<u>3,161,483</u>	<u>3,131,874</u>
Net assets excluding pension liability		<u>4,190,838</u>	<u>4,203,649</u>	<u>4,692,458</u>	<u>4,588,731</u>
Provisions for liabilities	19	<u>(2,425,000)</u>	<u>(616,000)</u>	<u>(2,425,000)</u>	<u>(616,000)</u>
Net assets		<u>1,765,838</u>	<u>3,587,649</u>	<u>2,267,458</u>	<u>3,972,731</u>
Income funds					
Unrestricted funds - designated	21	656,738	482,215	656,738	482,215
Unrestricted funds - general		3,534,100	3,721,434	4,035,720	4,106,516
Unrestricted funds - pension		(2,425,000)	(616,000)	(2,425,000)	(616,000)
		<u>1,765,838</u>	<u>3,587,649</u>	<u>2,267,458</u>	<u>3,972,731</u>

CRESCENT PURCHASING LIMITED

CONSOLIDATED BALANCE SHEET (CONTINUED)

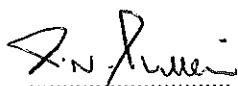
AS AT 31 JULY 2020

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 2020, 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 *11th November 2020*



D N Pullein
Chair of Trustees

Company Registration No. 06774578

CRESCENT PURCHASING LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 JULY 2020

	Notes	2020		2019	
		£	£	£	£
Cash flows from operating activities					
Cash generated from operations	26		460,022		818,385
Investing activities					
Purchase of tangible fixed assets		(105,415)		(22,349)	
Interest received		15,658		11,339	
Net cash used in investing activities			(89,757)		(11,010)
Net cash used in financing activities			-		-
Net increase/(decrease) in cash and cash equivalents			370,265		807,375
Cash and cash equivalents at beginning of year			2,982,608		2,175,233
Cash and cash equivalents at end of year			3,352,873		2,982,608

CRESCENT PURCHASING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2020

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 charity constitutes a public benefit entity as defined by FRS 102. The financial statements have been prepared in accordance with 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 issued in October 2019, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities Act 2011 and the Companies Act 2006 and UK Generally Accepted Accounting Practice.

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 2020

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 2020

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 Fixed asset investments

Fixed asset investments are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in net income/(expenditure) for the year.

1.11 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.

1.12 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 2020

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.

1.13 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.

1.14 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 2020

1 Accounting policies

1.15 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 2020. 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.

1.16 Prior period adjustments

In these financial statements there is a prior period adjustment of £10,000. This is due to the correction of an investment held by Tenet Education Limited. This has reduced the goodwill calculation in the consolidated accounts as a result.

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.

CRESCENT PURCHASING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2020

3 Charitable activities

	Group 2020 £	Group 2019 £	Charity 2020 £	Charity 2019 £
Marketing premiums	1,775,807	1,753,753	1,775,807	2,008,512
Services rendered	1,599,841	1,522,753	-	-
Other income	18,538	314,949	117,175	131,269
	<u>3,394,186</u>	<u>3,591,455</u>	<u>1,892,982</u>	<u>2,139,781</u>

4 Investments

	2020 £	2019 £
Interest receivable	<u>15,658</u>	<u>11,339</u>

All of the Group's investment income of £15,658 (2019: £11,339) arises in Crescent Purchasing Limited from money held in interest bearing deposit accounts.

5 Other Income

	2020 £	2019 £
Coronavirus job retention scheme	<u>36,756</u>	<u>-</u>

CRESCENT PURCHASING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2020

6 Charitable activities

	Group 2020 £	Group 2019 £	Charity 2020 £	Charity 2019 £
Staff costs	2,324,940	1,845,899	1,044,654	756,917
Occupancy costs	68,783	75,782	68,783	75,782
Telephone	23,443	23,764	15,976	16,965
Postage and stationery	5,965	7,206	4,305	5,000
Insurance	34,115	27,059	24,121	22,181
Legal costs	6,380	6,996	2,120	3,524
Travel costs	72,192	99,750	18,587	25,118
Recruitment and training	30,767	42,090	16,309	23,186
Marketing and advertising	50,343	57,909	15,837	40,062
Crescent learning	20,943	106,891	20,943	106,891
Procurement partner and member shared income	12,275	18,767	168,408	268,117
Consultancy fees	34,140	96,954	4,600	6,616
Provision for bad debts	23,410	5,281	25,574	3,117
Bank charges	2,486	3,139	1,351	1,918
Other expenditure	23,405	25,563	12,718	17,519
ICT costs	36,567	59,701	22,263	32,924
	<u>2,770,154</u>	<u>2,502,751</u>	<u>1,466,549</u>	<u>1,405,837</u>
Grant Funding Activities (see note 7)	325,477	17,785	325,477	17,785
Share of support costs (see note 8)	653,781	586,067	522,934	457,820
Share of governance costs (see note 8)	21,999	18,467	15,479	14,297
	<u>3,771,411</u>	<u>3,125,070</u>	<u>2,330,439</u>	<u>1,895,739</u>
Analysis by fund				
Unrestricted funds – general	3,445,934	3,107,285	2,004,962	1,877,954
Unrestricted funds - designated	325,477	17,785	325,477	17,785
	<u>3,771,411</u>	<u>3,125,070</u>	<u>2,330,439</u>	<u>1,895,739</u>

CRESCENT PURCHASING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2020

7 Grants payable

Grant funding activities payable during the year is expenditure made from the charity's designated funds towards agreed projects detailed in the trustees' report and note 21.

This expenditure falls outside of standard operational costs. The charity has made surpluses over many years with the express intention of distributing some back to the education sector. This may lead to deficits in some years such as this year whilst maintaining a healthy reserve overall.

8 Group Support costs

	Support costs	Governance costs	2020	2019	Basis of allocation
	£	£	£	£	
Staff costs	497,771	-	497,771	442,623	Administration
Depreciation and amortisation	156,010	-	156,010	143,444	Support
Audit fees	-	12,875	12,875	10,000	Governance
Legal and professional	-	3,884	3,884	3,147	Governance
Accounting services	-	5,240	5,240	5,320	Governance
	<u>653,781</u>	<u>21,999</u>	<u>675,780</u>	<u>604,534</u>	
Analysed between					
Charitable activities	<u>653,781</u>	<u>21,999</u>	<u>675,780</u>	<u>604,534</u>	

Governance costs includes payments to the auditors of £12,875 (2019: £10,000) for audit fees.

Charity	Support costs	Governance costs	2020	2019	Basis of allocation
	£	£	£	£	
Staff costs	497,771	-	497,771	442,623	Support
Depreciation and amortisation	25,163	-	25,163	15,197	Support
Audit fees	-	7,725	7,725	7,000	Governance
Legal and professional	-	3,884	3,884	3,147	Governance
Accounting services	-	3,870	3,870	4,150	Governance
	<u>522,934</u>	<u>15,479</u>	<u>538,413</u>	<u>472,117</u>	
Analysed between					
Charitable activities	<u>522,934</u>	<u>15,479</u>	<u>538,413</u>	<u>472,117</u>	

Governance costs includes payments to the auditors of £7,725 (2019: £7,000) for audit fees.

CRESCENT PURCHASING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2020

9 Net movement in funds

	Group 2020 £	Group 2019 £	Charity 2020 £	Charity 2019 £
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	12,875	10,000	7,725	7,000
Depreciation of owned tangible fixed assets	31,010	18,444	25,163	15,197
Amortisation of intangible assets	125,000	125,000	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

10 Trustees

None of the trustees (or any persons connected with them), except for the Managing Director, received any remuneration during the year, but 7 of them were reimbursed a total of £1,768 travelling expenses (2019: £4,607).

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

11 Employees

Number of employees

The average monthly number employees during the year was:

	Group 2020 Number	Group 2019 Number	Charity 2020 Number	Charity 2019 Number
Professional and administrative staff	65	55	33	28
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Employment costs	2020 £	2019 £	2020 £	2019 £
Wages and salaries	2,166,494	1,898,831	1,044,729	926,769
Social security costs	220,395	189,856	106,284	95,392
Other pension costs	435,823	199,835	391,412	177,379
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	<u>2,822,712</u>	<u>2,288,522</u>	<u>1,542,425</u>	<u>1,199,540</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 £312,000 (2019: £112,000).

Included within support costs are wages to the value of £497,771 for the Human Resources, Finance, Marketing and IT 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 2020

11 Employees (continued)

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

	Group 2020 Number	Group 2019 Number	Charity 2020 Number	Charity 2019 Number
Directors	2	3	1	1
Employees	1	-	-	-

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 £110,958 (2019: £102,121). 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 £7,824 (2019: £7,380)

12 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.

13 Group intangible fixed assets

	Goodwill £	Customer relationships £	Brand £	Total £
Cost				
At 1 August 2019 (restated) and 31 July 2020	1,804,474	69,003	366,523	2,240,000
Amortisation and impairment				
At 1 August 2019	1,461,677	25,878	137,445	1,625,000
Amortisation charged for the year	70,559	8,626	45,815	125,000
At 31 July 2020	1,532,236	34,504	183,260	1,750,000
Carrying amount				
At 31 July 2020	272,238	34,499	183,263	490,000
At 31 July 2019 (restated)	342,797	43,125	229,078	615,000

A prior year adjustment of £10,000 has been made to the value of goodwill. This is a result of a correction to the investment value held in Tenet Education Limited.

CRESCENT PURCHASING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2020

13 Charity intangible fixed assets

	Goodwill £
Cost	
At 1 August 2019 and 31 July 2020	1,250,000
Amortisation and impairment	
At 1 August 2019	1,250,000
Amortisation charged for the year	-
At 31 July 2020	1,250,000
Carrying amount	
At 31 July 2020	-
At 31 July 2019	-

14 Group tangible fixed assets

	Leasehold improvements £	Plant and equipment £	Fixtures and fittings £	Total £
Cost				
At 1 August 2019	58,757	24,679	25,285	108,721
Additions	-	101,284	4,131	105,415
At 31 July 2020	58,757	125,962	29,416	214,135
Depreciation and impairment				
At 1 August 2019	10,597	5,260	3,702	19,559
Depreciation charged in the year	9,795	15,638	5,577	31,010
At 31 July 2020	20,392	20,898	9,279	50,569
Carrying amount				
At 31 July 2020	38,365	105,064	20,137	163,566
At 31 July 2019	48,160	19,419	21,583	89,162

CRESCENT PURCHASING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2020

14 Charity tangible fixed assets

	Leasehold improvements	Plant and equipment	Fixtures and fittings	Total
Cost	£	£	£	£
At 1 August 2019	58,757	11,165	25,285	95,207
Additions	-	95,149	4,131	99,280
At 31 July 2020	58,757	106,314	29,416	194,487
Depreciation and impairment				
At 1 August 2019	10,597	2,012	3,702	16,311
Depreciation charged in the year	9,795	9,791	5,577	25,163
At 31 July 2020	20,392	11,803	9,279	41,474
Carrying amount				
At 31 July 2020	38,365	94,511	20,137	153,013
At 31 July 2019	48,160	9,152	21,583	78,895

15 Charity fixed asset investments

	2020	2019
Cost or valuation		
At 1 August 2019 & 31 July 2020		1,377,962
Carrying amount		
At 31 July 2020		1,377,962
At 31 July 2019		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 2020

16 Financial instruments				
	Group	Group	Charity	Charity
	2020	2019	2020	2019
	£	£	£	£
Carrying amount of financial assets				
Debt instruments measured at amortised cost	264,998	348,001	74,830	114,833
	<u>264,998</u>	<u>348,001</u>	<u>74,830</u>	<u>114,833</u>
Carrying amount of financial liabilities				
Measured at amortised cost	324,667	455,995	259,222	384,774
	<u>324,667</u>	<u>455,995</u>	<u>259,222</u>	<u>384,774</u>
17 Debtors				
Amounts falling due within one year:				
	Group	Group	Charity	Charity
	2020	2019	2020	2019
	£	£	£	£
Trade debtors	262,127	275,130	65,132	41,962
Amounts owed by subsidiary	-	-	6,827	-
Other debtors	2,871	72,871	2,871	72,871
Prepayments and accrued income	586,571	787,951	538,273	752,347
	<u>851,569</u>	<u>1,135,952</u>	<u>613,103</u>	<u>867,180</u>
18 Creditors: amounts falling due within one year				
	Group	Group	Charity	Charity
	2020	2019	2020	2019
	£	£	£	£
Other taxation and social security	342,503	163,078	132,157	55,919
Trade creditors	92,742	162,489	59,632	122,935
Other creditors	13,552	14,905	5,663	5,763
Accruals and deferred income	218,373	278,601	193,927	256,076
	<u>667,170</u>	<u>619,073</u>	<u>391,379</u>	<u>440,693</u>
19 Provision for liabilities				
	Group	Group	Charity	Charity
	2020	2019	2020	2019
	£	£	£	£
Retirement benefit obligations	2,425,000	616,000	2,425,000	616,000
	<u>2,425,000</u>	<u>616,000</u>	<u>2,425,000</u>	<u>616,000</u>

CRESCENT PURCHASING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2020

20 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 £44,411 (2019: £22,456).

Defined benefit schemes

Key assumptions

	2020	2019
	%	%
Discount rate	1.40	2.20
Expected rate of increase of pensions in payment	2.20	2.20
Expected rate of salary increases	3.45	3.45
Inflation assumption (CPI)	2.20	2.20

Mortality assumptions

The assumed life expectations on retirement at age 65 are:

	2020	2019
	Years	Years
Retiring today		
- Males	21.8	22.2
- Females	24.6	25.4
Retiring in 20 years		
- Males	22.5	23.2
- Females	25.7	27.2

Amounts recognised in the profit and loss account:

	2020	2019
	£	£
Current service cost	337,000	179,000
Net interest on defined benefit liability/(asset)	86,000	82,000
Other costs and income	(33,000)	(84,000)
Total costs	390,000	177,000

CRESCENT PURCHASING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2020

20 Retirement benefit schemes (continued)

Amounts taken to other comprehensive income:

	2020 £	2019 £
Actual return on scheme assets	256,000	(126,000)
Return on scheme assets excluding interest income	256,000	(126,000)
Actuarial changes related to obligations	1,241,000	684,000

The amounts included in the balance sheet arising from the charity's obligations in respect of defined

	2020 £	2019 £
Present value of defined benefit obligations	5,665,000	3,869,000
Fair value of plan assets	(3,240,000)	(3,253,000)
(Surplus)/deficit in scheme	2,425,000	616,000

Movements in the present value of defined benefit obligations:

	2020 £
Liabilities at 1 August 2019	3,869,000
Current service cost	337,000
Past service cost	40,000
Benefits paid	33,000
Contributions from scheme members	59,000
Actuarial gains and losses	1,241,000
Interest cost	86,000
At 31 July 2020	5,665,000

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

Movements in the fair value of plan assets:

	2020 £
Fair value of assets at 1 August 2019	3,253,000
Return on plan assets (excluding amounts included in net interest)	(256,000)
Benefits paid	33,000
Contributions by the employer	78,000
Contributions by scheme members	59,000
Other	73,000
At 31 July 2020	3,240,000

CRESCENT PURCHASING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2020

20 Retirement benefit schemes (continued)

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

	2020	2019
	£	£
Equity instruments	2,518,000	2,557,000
Debt instruments	486,000	439,000
Property	139,000	140,000
Cash	52,000	68,000
Other	45,000	49,000
	<u>3,240,000</u>	<u>3,253,000</u>

21 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:

	Balance at 01 August 2020	Resources expended	Incoming Resources	Balance at 31 July 2020
	£	£	£	£
Project 1 – Provision of E-learning Courses for members	14,000	8,122	-	5,878
Project 2 - Subsidised fees for Tenet on-demand services	17,130	27,750	25,000	14,380
Project 3 - Collaboraton tender for new framework	5,000	-	5,000	10,000
Project 4 - Regional Procur.Ed conferences	50,000	5,000	-	45,000
Project 5 – Sponsorship of student events/activities	375,000	259,020	282,000	397,980
Project 6 – Provision of free review of in-house services	-	-	40,000	40,000
Project 7 – Educom – Providing free teaching from comic artists	-	293	5,000	4,707
Project 8 – Facilitate Procurement Advisory Group (PAG)	-	-	5,000	5,000
Project 9 – Facilitate estate groups	-	292	3,000	2,708
Project 10 – Provision of free delivery of tenders	-	-	100,000	100,000
Marketing and materials	-	-	10,000	10,000
Project Support - administration	21,085	25,000	25,000	21,085
	<u>482,215</u>	<u>325,477</u>	<u>500,000</u>	<u>656,738</u>

CRESCENT PURCHASING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2020

22 Analysis of net assets between funds

	Unrestricted Designated		Total	Total
	2020	2020	2020	2019
	£	£	£	£
Fund balances at 31 July 2019 are represented by:				
Intangible fixed assets	490,000	-	490,000	615,000
Tangible assets	163,566	-	163,566	89,162
Current assets	2,880,534	656,738	3,537,272	3,499,487
Provisions and pensions	(2,425,000)	-	(2,425,000)	(616,000)
	<u>1,109,100</u>	<u>656,738</u>	<u>1,765,838</u>	<u>3,587,649</u>

23 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	Group	Charity	Charity
	2020	2019	2020	2019
	£	£	£	£
Within one year	36,224	23,677	36,224	23,677
Between two and five years	114,838	150,618	114,838	150,618
In over five years	-	-	-	-
	<u>151,062</u>	<u>174,295</u>	<u>151,062</u>	<u>174,295</u>

24 Related party transactions

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

For a period of the year the charity outsourced its payroll function to Leeds College of Building, in which Mr D Pulein is the Vice Principal - Finance and Resources. Payments for payroll administration services totaling £2,267 (2019: £3,400) were made during the year. There was an outstanding balance owing to Leeds College of Building at the year-end date of £Nil (2019: £91,335).

Grants payable from designated funds are available to all institutions that pass the relevant criteria. This is therefore open to institutions which employ the trustees of the charity. No trustees are involved in the review and approval of grant applications. During the year three colleges employing trustees received grants: Hopwood Hall College (£17,550), Cambridge Regional College (£1,000) and Belfast Metropolitan College (£750).

CRESCENT PURCHASING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2020

25 Subsidiaries

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

Details of the charity's subsidiaries at 31 July 2020 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.

26 Cash generated from operations	2020 £	2019 £
Surplus for the year	(324,811)	477,724
Adjustments for:		
Investment income recognised in statement of financial activities	(15,658)	(11,339)
Amortisation and impairment of intangible assets	125,000	125,000
Depreciation and impairment of tangible fixed assets	31,010	18,444
Difference between pension charge and cash contributions	312,000	112,000
Movements in working capital:		
Decrease/(Increase) in debtors	284,383	(110,499)
Increase in creditors	48,098	207,055
Cash generated from operations	460,022	818,385

27 Analysis of change in net funds

The charity had no debt during the year.