

THE PROBATION ASSOCIATION LIMITED

(LIMITED BY GUARANTEE)

COMPANY NO. 01352502

REPORT AND FINANCIAL STATEMENTS

FOR THE 18 MONTHS TO 30 SEPTEMBER 2014

FRIDAY



A3N3LA1D

A14

19/12/2014

#19

COMPANIES HOUSE

THE PROBATION ASSOCIATION LIMITED

(LIMITED BY GUARANTEE)

30TH SEPTEMBER 2014

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice. Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company and of the surplus or deficit of the company for that period. In preparing those financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently
- Make judgements and estimates which are reasonable and prudent
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

As explained in the Directors' Report, the company ceased operation on 31 July 2014 and therefore the company is no longer a going concern. The accounts have been drawn up accordingly.

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

Page No.	Contents
2-3	DIRECTORS' REPORT
4-5	INDEPENDENT AUDITOR'S REPORT
6	INCOME AND EXPENDITURE ACCOUNT
7	STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
8	BALANCE SHEET
9-14	NOTES TO THE FINANCIAL STATEMENTS
15	DETAILED INCOME AND EXPENDITURE ACCOUNT

THE PROBATION ASSOCIATION LIMITED

(LIMITED BY GUARANTEE)

DIRECTORS' REPORT 2013/2014

Directors: Paul Aviss, Caroline Corby, Sebert Cox, Kevin Ellis, Malcolm Fearn, Susan Fox, Alan Harrison, Gillian Lewis, Mark Ormerod, Robin Verso

Secretary: Mark Ormerod

Paul Aviss, Sebert Cox and Mark Ormerod served throughout the period of the accounts. Alan Harrison and Robin Verso resigned on 25 September 2013 and Caroline Corby and Kevin Ellis joined on 26 September 2013 and 1 October 2013 respectively. Kevin Ellis resigned on 29 April 2014. Caroline Corby, Malcolm Fearn, Susan Fox and Gillian Lewis resigned on 20 June 2014, following the final Council meeting of the Probation Association.

Sebert Cox was re-elected Chairman at the AGM on 19 September 2013.

Joanne Whyte resigned as Company Secretary on 22 May 2014 and was replaced by Mark Ormerod

Dissolution of the Probation Association

Following the Government's decision to reform the way in which probation services are delivered, and in particular the dissolution of Probation Trusts (which formed the membership of the Probation Association), the Probation Association has become redundant. In their report for 2012-2013, the directors recorded their doubts about the company being able to continue as a going concern if Trusts were abolished and unable to provide subscriptions. The Council of the Probation Association decided at its meeting on 20 June 2013 to close the organisation following the dissolution of the Trusts. The directors also noted in their last report that no provision had been made for the crystallisation of the pension deficit in the event of closure, which the Probation Association had insufficient reserves to cover. However, following discussion with the Ministry of Justice and a satisfactory exchange of letters, the Government has agreed to accept the pension liability, subject to all reserves accumulated by Probation Association being paid into the pension fund on the closure of the company.

Audit, Quality Assurance and Risk Committee

The Audit, Quality Assurance and Risk Committee advised the Board on financial management, business risks and quality issues. The following directors served during the year: Paul Aviss, Caroline Corby, Kevin Ellis, Alan Harrison, Gillian Lewis and Robin Verso. Robin Verso served as chairman until he resigned from the Board on 25 September 2013, when he was replaced as chairman of the Committee by Paul Aviss. Alan Harrison also resigned on 25 September 2013. Caroline Corby and Kevin Ellis were appointed to the Committee in October 2013. Kevin Ellis resigned following his resignation from the Board on 29 April 2014.

THE PROBATION ASSOCIATION LIMITED

(LIMITED BY GUARANTEE)

DIRECTORS' REPORT 2013/2014 (continued)

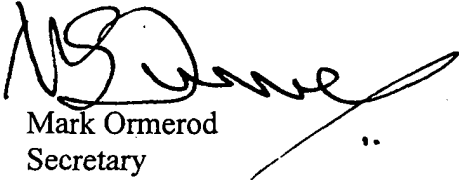
Statement as to Disclosure of Information to Auditors

The directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditors are unaware. Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

Small Company Provisions

This report has been prepared in accordance with the small companies' regime under the Companies Act 2006.

By order of the board


Mark Ormerod
Secretary

Date 4 December 2014

Registered Office:

29 Great Peter Street
London SW1P 3LW

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE
PROBATION ASSOCIATION LIMITED (Registration number: 01352502)
18 MONTHS ENDED 30 SEPTEMBER 2014**

We have audited the financial statements of The Probation Association Limited for the period ended 30 September 2014 on pages six to fourteen. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page one, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2014 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

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

Kevin Lally

Kevin Lally (Senior Statutory Auditor)
for and on behalf of Knox Cropper
8/9 Well Court
London
EC4M 9DN
Date: *4th December 2014*

THE PROBATION ASSOCIATION LIMITED

(LIMITED BY GUARANTEE)

**INCOME AND EXPENDITURE ACCOUNT
FOR THE 18 MONTHS ENDED 30TH SEPTEMBER 2014**

	Notes	2014 £	2013 £
SUBSCRIPTION INCOME		1,024,050	944,500
OTHER INCOME		<u>187,432</u>	<u>2,171</u>
TOTAL INCOME		1,211,482	946,671
Administrative Expenses		<u>(1,317,134)</u>	<u>(862,173)</u>
OPERATING SURPLUS (DEFICIT)	2	(105,652)	84,498
Interest Receivable	3	<u>16,046</u>	<u>21,497</u>
		(89,606)	105,995
Interest Payable	4	<u>-</u>	<u>(122,000)</u>
SURPLUS (DEFICIT) ON ORDINARY ACTIVITIES BEFORE TAXATION		(89,606)	(16,005)
TAXATION	6	<u>(3,209)</u>	<u>(3,181)</u>
SURPLUS (DEFICIT) FOR THE FINANCIAL PERIOD	10	<u><u>(92,815)</u></u>	<u><u>(19,186)</u></u>

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

The notes on pages 9 to 14 form part of these financial statements

THE PROBATION ASSOCIATION LIMITED

(LIMITED BY GUARANTEE)

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE 18 MONTHS ENDED 30TH SEPTEMBER 2014**

	2014	2013
	£	£
(Deficit) Surplus for the financial year	(92,815)	(19,186)
Actuarial loss	-	(385,000)
Transfer of pensions liability to the MoJ	3,622,000	
Total recognised gains and losses relating to the year	<u><u>3,529,185</u></u>	<u><u>(404,186)</u></u>

The company's pension scheme has been taken over by the Government. Until 31 March 2013 the company adopted FRS 17 'Retirement Benefits'. This resulted in an decrease in the surplus for the 2013 financial year of £120,000 and an increase in deficit for the year of £385,000.

THE PROBATION ASSOCIATION LIMITED
(LIMITED BY GUARANTEE)
Registered Number 01352502

BALANCE SHEET AT 30 SEPTEMBER 2014

	Notes	2014 £	2013 £
FIXED ASSETS	7	<u>0</u>	<u>65,048</u>
CURRENT ASSETS			
Debtors	8	6,885	57,917
Cash at bank and in hand		<u>801,100</u>	<u>1,177,865</u>
		807,985	1,235,782
CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR	9	<u>(84,052)</u>	<u>(478,082)</u>
NET CURRENT ASSETS		<u>723,933</u>	<u>757,700</u>
NET ASSETS LESS CURRENT LIABILITIES		723,933	822,748
CREDITORS FALLING DUE AFTER ONE YEAR	9	-	(6,000)
PENSION LIABILITY	15	<u>-</u>	<u>(3,622,000)</u>
NET ASSETS (LIABILITIES)		<u>723,933</u>	<u>(2,805,252)</u>
RESERVES			
Income and expenditure account	10	<u>723,933</u>	<u>(2,805,252)</u>

These financial statements have been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006 and with the Financial Reporting Standard for Smaller Entities (effective April 2008).

On behalf of the board on

4 December 2014

Director: 

ROBERT COX

Director: 

MARK ORMEROD

The notes on pages 9 to 14 form part of these financial statements

THE PROBATION ASSOCIATION LIMITED

(LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS 30TH SEPTEMBER 2014

1 ACCOUNTING POLICIES

(i) Basis of preparation of financial statements

The financial statements are prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

As at the 31 July 2014 the Company ceased operations and is no longer a going concern. Assets and liabilities have been adjusted to their net realisable values as at the date of ceasing to operate.

(ii) Going Concern

The Company ceased to be a going concern on 31 July 2014. The principal impact has been to write down the company's fixed assets to nil and to reduce the pension liability to nil as explained further in note 15.

(iii) Depreciation

The assets of the Association have been written down to nil.

(iv) Pensions

The pension liability of the Association has been taken over by the Ministry of Justice, to the extent that there is a shortfall in the ability of the Association to meet the liability from its own assets. This transfer of liabilities has been shown as a reduction in the pension liabilities.

(iv) Leases/Rentals

The lease charge represents the final agreed liability arising to the date of the termination of the lease on 31 July 2014

(v) Income

Income is represented by subscription and other income derived from the principal activities of the company.

THE PROBATION ASSOCIATION LIMITED

(LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS 30TH SEPTEMBER 2014 (continued)

	2014	2013
	£	£
2 OPERATING DEFICIT		
This is stated after charging		
Depreciation of owned assets	65,048	40,470
Operating lease rentals	35,126	56,022
Auditors' remuneration-audit of the company	3,460	3,876
Auditors' remuneration-other services	<u>0</u>	<u>1,200</u>
3 INTEREST RECEIVABLE		
Bank deposit interest receivable	<u>16,046</u>	<u>21,497</u>
4 INTEREST PAYABLE		
Other interest:		
Expected return on pension scheme assets	-	93,000
Interest on pension scheme liabilities	<u>-</u>	<u>(215,000)</u>
	<u>-</u>	<u>(122,000)</u>
5 EMPLOYEES AND STAFF COSTS		
	2014	2013
Staff costs during the year amounted to:		
	£	£
Salaries	494,278	399,439
Social Security costs	50,414	38,658
Pension costs	67,102	59,858
	<u>611,794</u>	<u>497,957</u>
DIRECTORS' REMUNERATION		
Emoluments for qualifying services	<u>47,112</u>	<u>32,948</u>

THE PROBATION ASSOCIATION LIMITED

(LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS 30TH SEPTEMBER 2014 (continued)

6 TAXATION	2014	2013
	£	£
Current tax:		
UK Corporation Tax on surplus of the period	3,209	4,299
Adjustment in respect of prior years	-	(1,118)
Tax on surplus on ordinary activities	<u>3,209</u>	<u>3,181</u>
Factor affecting tax charge for the period:		
Surplus(Deficit) on ordinary activities before tax	<u>(89,606)</u>	<u>(16,005)</u>
Surplus/(Deficit) on ordinary activities multiplied by standard rate of corporation tax in the UK 20% (2013:20%)	(17,921)	(3,201)
Effects of: (Surplus)/Deficit arising from non-taxable activities	21,130	6,382
Tax charge for period	<u>3,209</u>	<u>3,181</u>

The company is a mutual trading company and is accordingly only subject to taxation in respect of its interest income.

THE PROBATION ASSOCIATION LIMITED

(LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS 30TH SEPTEMBER 2014

(continued)

7 TANGIBLE FIXED ASSETS

	Leasehold Property £	Computer equipment £	Office furniture and equipment £	Total £
Cost:				
At 1 st April 2013	76,646	128,678	23,076	228,400
Additions	0	0	0	0
Less Disposals	<u>-76,646</u>	<u>-128,678</u>	<u>-23,076</u>	<u>-228,400</u>
At 30th September 2014	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Depreciation:				
At 1st April 2013	45,098	101,085	17,169	163,352
Charges for the year	31,547	27,593	5,908	65,048
Less Disposals	<u>-76,645</u>	<u>-128,678</u>	<u>-23,077</u>	<u>-228,400</u>
At 30th September 2014	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Book Value:				
At 30th September 2014	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
At 31 st March 2013	<u>31,548</u>	<u>27,593</u>	<u>5,907</u>	<u>65,048</u>

8 DEBTORS

	2014	2013
	£	£
Other debtors	6,885	36,353
Prepayments and accrued income	<u>0</u>	<u>21,564</u>
	<u>6,885</u>	<u>57,917</u>

**9 CREDITORS:
AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2014	2013
	£	£
Payments received on account of subscriptions	0	346,615
Corporation Tax	3,209	4,299
Other creditors	68,667	73,084
Accruals and deferred income	12,176	54,084
	<u>84,052</u>	<u>478,082</u>

Included in other creditors is £68,667 (2013 - £73,084) representing funds received less expenditure to date in respect of projects being undertaken by the company for and funded by the Home Office and LCCS (Local Crime, Community Sentence project). Funds equal to the above amount are held fiduciarily as part of the company's bank deposits.

THE PROBATION ASSOCIATION LIMITED

(LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS 30TH SEPTEMBER 2014

(continued)

9 AMOUNTS FALLING DUE AFTER ONE YEAR

	2014	2013
	£	£
Dilapidations Provision	0	6000
	<u>0</u>	<u>6,000</u>

10 INCOME AND EXPENDITURE ACCOUNT

	2014	2013
	£	£
At beginning of the period	(2,805,252)	(2,401,066)
Surplus/(Deficit) for the year	(92,815)	(19,186)
Other recognised gains and losses	3,622,000	(385,000)
	<u>723,933</u>	<u>(2,805,252)</u>

The company's Reserves will be paid to the GMPF (Greater Manchester Pension Fund) when all other transactions have been completed.

11 STATUS OF THE COMPANY

The company is incorporated under the Companies Act and is limited by guarantee. The liability of each member is limited to £1. At 30th September 2014 the company had 2 members.

12 RELATED PARTIES

There were no transactions to related parties during the year.

13 COMMITMENTS UNDER OPERATING LEASES

At the year-end the company had annual commitments under non-cancellable operating leases as follows:

	2014	2013
	£	£
Land and buildings. Expiring in the second to fifth year	0	41,256
	<u>0</u>	<u>41,256</u>

14 GOING CONCERN

The financial statements have not been prepared on a going concern basis because the company ceased to operate on 31 July 2014.

On May 2013 the Government announced its proposals for Transforming Rehabilitation which resulted in the establishment of a national probation service and 21 contract areas and the consequent abolition of Probation Trusts. As the main purpose of the Probation Association was to represent and support Probation Trusts and the majority of its members were Probation Trusts once the Trusts ceased to exist the Company was liquidated.

THE PROBATION ASSOCIATION LIMITED

(LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS 30TH SEPTEMBER 2014

(continued)

15 DEFINED BENEFIT PENSION SCHEME

Following the decision to cease operations arising from the government's decision to reorganise the probation service, the Ministry of Justice agreed to take over the pension liability of the Association to the extent that the Association's assets were insufficient to meet the liability.

Amounts charged to operating profit	2014	2013
	£	£
Current service cost	0	51,000
Past service cost	-	-
Losses on curtailment	0	-
Total operating charge	-	51,000

Analysis of amount debited to other finance costs	2014	2013
	£	£
Expected returns on pension scheme assets	-	(93,000)
Interest on pension scheme liabilities	-	215,000
Net return	-	122,000

Movement in deficit in year	2014	2013
	£	£
Deficit brought forward	(3,622,000)	(3,117,000)
Current service costs	-	(51,000)
Contributions	-	53,000
Past service cost	-	0
Other finance costs	-	(122,000)
Settlements and Curtailments	-	-
Actuarial gain (loss)	-	(385,000)
Transfer of liability to MoJ	3,622,000	-
Deficit in scheme at end of year	-	(3,622,000)