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**EAST LINDSEY INFORMATION TECHNOLOGY CENTRE LIMITED**  
(A company limited by guarantee)

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**TRUSTEES' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JULY 2011**

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**EAST LINDSEY INFORMATION TECHNOLOGY CENTRE LIMITED**  
**(A company limited by guarantee)**

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, ITS TRUSTEES AND ADVISERS  
FOR THE YEAR ENDED 31 JULY 2011**

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<b>Directors</b>	J Chappelle, Chairman Cllr B Burnett, Vice Chairman  H Biddle M Brown Cllr C Davie K Hindmarsh G Holt A Lascelles Cllr G Marsh V Nixon
<b>Company registered number</b>	1802908
<b>Charity registered number</b>	515473
<b>Registered office</b>	Milford Court Warwick Road Lincolnshire LN11 0YB
<b>Company secretary</b>	J Chappelle
<b>Auditors</b>	Streets Audit LLP Chartered Accountants and Statutory Auditor Tower House Lucy Tower Street Lincoln LN1 1XW
<b>Solicitors</b>	Langleys Olympic House 995 Doddington Road Lincoln LN6 3SE  Sills & Betteridge 46 Silver Street Lincoln LN2 1ED
<b>Bankers</b>	Lloyds TSB Nottingham BSC 11 Low Pavement Nottingham NG1 7DQ

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**EAST LINDSEY INFORMATION TECHNOLOGY CENTRE LIMITED**  
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**TRUSTEES' REPORT**  
**FOR THE YEAR ENDED 31 JULY 2011**

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The Trustees (who are also directors of the charity for the purposes of the Companies Act) present their annual report together with the audited financial statements of East Lindsey Information Technology Centre Limited (the company) for the year ended 31 July 2011. The Trustees confirm that the Annual Report and financial statements of the company comply with the current statutory requirements, the requirements of the company's governing document and the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in March 2005.

**Structure, governance and management**

**a CONSTITUTION**

East Lindsey Information Technology Centre Limited is a registered Charity, number 515473, and a registered Company, number 1802908. Its governing document is its Articles of Association.

The company carries out its activities under the trading name of "First College".

The financial statements comply with current statutory requirements and the charity's governing document and Statement of Recommended Practice Accounting and Reporting by Charities.

**b METHOD OF APPOINTMENT OR ELECTION OF TRUSTEES**

The Charity may by ordinary resolution appoint a person willing to act as a trustee. For appointment at an AGM, formal notice is required as specified in the memorandum and articles. The existing trustees may appoint a person who is willing to act as a trustee. There is no maximum number of trustees but there must be at least 3 in office at any time.

**c. POLICIES ADOPTED FOR THE INDUCTION AND TRAINING OF TRUSTEES**

On appointment, all new Trustees will be provided with the following documents:

- Memorandum of Association
- Articles of Association
- Charity Commission Guidance CC3 - Responsibility of Charity Trustees
- The latest Strategic Business Plan and a copy of the latest Financial Statements

**d. ORGANISATIONAL STRUCTURE AND DECISION MAKING**

The registered office and names and addresses of Advisers are set out on the Index page.

The directors during the year under review are set out on the Index page. No remuneration was paid nor expenses reimbursed to them during the year. However some of the directors represent companies that purchase training services from the company detailed in note 16.

The Company's premises are in Louth and Skegness. First College provides learning through its centres, outreach delivery and employers premises.

East Lindsey ITeC is sponsored by 8 local organisations, including the East Lindsey District Council and Lincolnshire County Council. Each sponsor organisation provides up to two people to serve as directors and trustees on the East Lindsey ITeC Board. The Board sets policy, monitors progress and strives to provide good and sound governance.

The Senior Management Function for First College has been deployed between two equal Senior Manager roles, which report directly to the Board of Trustees. These are the Business Manager and the Learning Contracts Manager.

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 JULY 2011**

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The **Business Manager** is responsible for leading company strategic planning and the implementation of policy. Also to ensure that the company meets all legislative requirements including personnel, charity commission, health and safety, safeguarding and equality and diversity. In addition, responsibility for the company's finance, administrative activities and the securing of new contracts/new opportunities.

The **Learning Contracts Manager** is responsible for the delivery of all learning operations of the college including contract delivery. Also ensures that the college meets all self-assessment and quality requirements including internal and external audits and/or inspections. In addition, supports strategic planning and implementation of policy.

The First College organisational structure for the 2010/2011-year was based on the **Learning/Business Function**. The learning areas are Business, Early Years, Employability, Foundation, Hospitality and Recruitment. Each learning area has one person designated for **Quality Improvement (QI)**. QIs take a leading role in operational, performance and quality development matters.

The **Learning Development Manager** is responsible for identifying creative and innovative solutions to achieving learner aims that both integrate and streamline all learning delivery whilst promoting effective and efficient team working. They will review and implement revised learner QMM processes providing staff with clear instruction.

The **Employer Engagement Manager** is responsible for identifying new employer opportunities and the development of an effective employer/customer management system. They will ensure that the relationship with each employer is managed effectively, that training solutions are delivered and contact maintained at appropriate intervals in accordance with current quality standards.

The **Lead IV/QI** is responsible for ensuring that learning programmes, support provided to staff, processes and systems are continually monitored for maximum effectiveness and cross-college consistency. They will take a lead role in all matters relating to quality improvement including assessment, internal verification, awarding body liaison and ENVQ.

The **Quality Improvement Team** consists of the QI representative from each learning function, the Learning Development Manager and is lead by the Learning Contracts Manager. The role of the QI Team is to ensure that Learning Programmes are delivered in accordance with Contract, Inspectorate and External Body requirements. The QI Team is tasked to provide best practice in quality related matters including continuous improvement for the benefit of all Learners, to recognise and implement good practice and to monitor performance against targets and objectives, taking preventative and corrective actions as appropriate and necessary. Other staff including the Employer Engagement Manager, Health and Safety / E & D Manager and/or Lead Internal Verifier are required to attend QI meetings to cover specific agenda items.

The **Strategy Group** is lead by the Business Manager and comprised of the Learning Contracts Manager and Finance Manager. The Strategy Group considers operational and strategic issues. It consults and liaises with Staff, Managers and Trustees as appropriate.

#### **e. RISK MANAGEMENT**

The Trustees have assessed the major risks to which the company is exposed, in particular those related to the operations and finances of the company, and are satisfied that systems and procedures are in place to mitigate our exposure to the major risks.

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 JULY 2011**

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**Objectives and Activities**

**a. POLICIES AND OBJECTIVES**

In setting objectives and planning for activities, the Trustees have given due consideration to general guidance published by the charity commission relating to public benefit

The charities objectives as set out within the Memorandum of Association of East Lindsey Information Technology Centre are

- 1 The promotion and advancement of education and training of the public including long term unemployed to acquire vocational qualifications and work related skills as required by local employers and industries and to meet national government targets by means of both instructor led, self study courses and the provision of practical experience
- 2 The relief of unemployment for the public benefit in such a way as may be thought fit, including assistance to find employment

Additionally set out within our Business plan we have the following company objectives

- 1 To remain financially viable
- 2 To provide high quality learning services
- 3 To provide staff with a positive, rewarding and safe working environment

The company vision is to deliver high quality learning that raises participation and attainment that meets the individual needs of learners through collaborative partnership working and employer engagement First College is established to promote and provide for the advancement of the education and training of young persons and adults

First College works closely with some 250 local employers and with Schools and Colleges of Further Education First College primarily serves the East Lindsey area to the benefit of young people and adults with training, attaining recognised qualifications and employment First College is a member of the Work Based Academy Ltd of Lincolnshire and Rutland, and a member of the Association of Employment Learning Providers, which is the national body representing provider views

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 JULY 2011**

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**Achievements and performance**

**a. REVIEW OF ACTIVITIES**

Key priorities and performance targets were set out in the company's Business Plan for 2010/2011

**Key Priorities for 2010/2011 and results**

- Retention of existing Contracts / Sub-Contracts

*First College has retained its Skills Funding Agency Contract. Minimum contracts levels (MCL) were set by SFA at £500k. First College achieved a total contract of £557k. This has allowed First College to remain independent and negated the need to arrange a sub contract agreement with another provider. The potential loss to First College would have been at the minimum a 15% management fee deduction from the total contract value plus concerns over our identity.*

*The new Work Programme was successfully won as a sub contractor to A4E. The Work Programme has replaced Flexible New Deal.*

- Achievement of existing Contracts / Sub-Contracts

*See Operational Targets*

- Continue to build / foster partnerships

*All of our key partnerships remain in place and continue to be healthy and positive. These include A4E, Boston College, Lincoln College and Skegness Vocational College.*

*First College continue to play a leading role in the activities of The Work Based Academy.*

- E-learning

*First College has continued to develop with E-Learning including additional on-line testing taking place, Accounts simulations, exams and more Hospitality users with on-line tests at the end of training.*

- Minimum Levels of Performance

*See Operational Targets*

- Success Rates

*See Operational Targets*

- Employer Engagement

*12 months on from establishing the new Employer Engagement roles we have decided to focus the Adviser on Adult provision. This now leaves The Employer Engagement Manager undertaking the generic Employer initial contacts. Overall it is still difficult to judge the success or failure of Employer Engagement especially during such difficult times. First College will continue with the existing resource for 2011/2012.*

- Matrix Re-assessment

*This was achieved once again during June 2011 and is valid for a further 3 years.*

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 JULY 2011**

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- Reduction of paper and carbon footprint

*The installation of multi functional devices at all centres and the subsequent removal of individual printers in the main has been a significant contributor towards reducing our carbon footprint. There has been a large saving on cartridges which is positive for environmental and economic reasons. The scanning capability of the multi functional devices is being well used which is also advantageous.*

- Continue to be aware of local School Meals tendering arrangements

*All parties are aware of our interest to tender come the time. This is not likely to become relevant until sometime during 2012.*

**Operational Targets for 2010/2011 and results**

- Increase 16-18 Work Based Learning Apprenticeship numbers by 20%

*Not achieved 15%, a shortfall of 5%*

- Achieve at least 55% (National level) Minimum Levels of Performance (MLP)

*Achieved 77%*

- Achieve less than 5% variance between MLP and Timely Achievement

*Achieved 81.2% (a variance of 2.3%)*

- Across all learning delivery achieve a minimum Success Rate of 75%

*Achieved 83.5%*

- Achieve Flexible New Deal Job Outcome Rate of 55%

*Not achieved 37%, a shortfall of 18%*

- Achieve Budget and Financial targets

*Achieved*



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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 JULY 2011**

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**Planned Developments 2010/11 and results**

- Investigate the purchase of freehold premises in Louth

A property was proposed to the Board for consideration during the year. The Board have decided for the time being to not invest in any further properties. The Board have made the Business Manager aware that they would always consider any business case in the future.

- Review all ICT resource including modern software applications. Introduce Learner/Employer pages to FC webpage to facilitate the provision of data electronically.

During 2010/2011 18 new laptops have been purchased for staff use thereby bringing our equipment up to date. Learner and Employer pages are ongoing although partly covered by the creation of a Facebook page representing First College.

- Consider staff incentive scheme rewarding competence, attendance, qualifications etc.

A simplified reward system was agreed by the Remuneration Committee and wider Board during the year which resulted in an incentive payment to staff at the end of the financial year. Future incentives/profit share arrangements will be considered each year by the Remuneration Committee.

- Look at all staff communication mediums (face to face, electronic and paper) with a view to minimising data/information overload.

This issue has been self solving without the need for a new system. Staff including Managers have made a conscious effort to use all forms of communication without over reliance on e-mail.

- Review and update all FC Policy documents. Research current legislation on Data Protection and update FC Policy and QMM procedures.

The Data Protection policies have had a complete overhaul which has created a new policy and two annexes. This policy and other processes have been tested and validated externally and are regarded as fit for purpose. A new Compliance Group has been established lead by The Business Manager to ensure that all policies are reviewed in a timely manner and with due consideration.

- Review all Staff Appraisal, Performance Monitoring and Development processes ensuring that quality standards and contract requirements are maintained.

Much of the work has been completed but will be finalised during 2011/2012 year.

- Look at all marketing and promotional activity and establish an annual plan of events including regular update to FC webpage.

An Engagement Strategy Group has been established lead by The Business Manager to conduct and control all marketing and promotional activities.

- Work with all staff to improve overall understanding of contractual requirements.

This is dealt with through QI meetings, various communications from The Learning Contracts Manager and other specific meetings as and when deemed necessary. Overall contract awareness has improved.

- Review and update all Strategy documents.

Much work has been done but still ongoing into 2011/2012 year.

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 JULY 2011**

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- Introduce via FC webpage electronic survey and feedback routines ensuring that quality standards and contract requirements are maintained

The Health and Safety survey has been completed and used Other work is still ongoing

- Implement QMM working instructions on the Employer journey that compliment and support Learner journey processes and meet quality standards

*Ongoing*

The Directors feel that the company has successfully achieved its targets and objectives Staff were informed regarding performance results in terms of meeting Key Priorities and meeting performance targets at the annual staff day held on 20th July 2011

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 JULY 2011**

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**Financial review**

**a. RESERVES POLICY**

A statement of Reserves can be found in Note 13 to the Financial Statements. The Charity holds Reserves to ensure funds are available to maintain high quality training facilities, including up to date equipment and a safe working environment. In addition, Reserves are held to ensure continuity in the event of a large variation in net income and to bridge cash flow problems. The Board aims to maintain an adequate level of Reserves. This is expected to be 3 months running costs and the cost of a planned and managed closure of the Charity.

Reserves have increased by £75,777 from activities during the year just ended.

**Plans for the future**

**a. FUTURE DEVELOPMENTS**

First College has produced a Business Plan for the financial year 2010/2011 which was approved by the trustees of First College. Within the plan we recognise strengths, weaknesses, opportunities and threats following full consultation with staff. In addition we again have a list of planned developments, priorities and targets as shown below.

**Planned Developments 2011/2012**

Review all ICT resource, the provision of data electronically and the delivery of new learning requirements ie ICT Functional Skills and SASE compliance.

Review and update all marketing materials.

Review and update all Strategy documents.

Introduce via FC webpage electronic survey and feedback routines ensuring that quality standards and contract requirements are maintained.

Implement QMM working instructions on the Employer journey that compliment and support Learner journey processes and meet quality standards.

Look at all paperwork and learning processes so that these can be minimised and improved.

5% of First College staff to be working towards Apprenticeship programmes.

Develop in-house provision for level 1 and level 2 learning.

Develop Functional Skills programme and deliver to learners / staff from Jan 12.

**Key Priorities for 2011/2012**

- Identify and secure new Contracts / funding streams
- Retention of existing Contracts / Sub-Contracts
- Achievement of existing Contracts / Sub-Contracts
- Continue to build / foster partnerships

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 JULY 2011**

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- *E-learning*
- Minimum Levels of Performance / Success Rates / Job outcome rates
- Employer Engagement
- Reduction of paper and carbon footprint
- Continue to be aware of local School Meals tendering arrangements
- Successful transition to the new Work Programme

**Operational Targets 2011 / 2012**

- Achieve at least 57% Minimum Levels of Performance (MLP)
- Achieve less than 5% variance between MLP and Timely Achievement
- Across all learning delivery achieve a minimum Success Rate of 77%
- Achieve The Work Programme Job Outcome Rate of 57%
- Achieve The Work Programme Sustained Job Outcome Rate of 57%
- Achieve The Work Programme progression into learning of 57%
- Achieve Budget and Financial targets

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**EAST LINDSEY INFORMATION TECHNOLOGY CENTRE LIMITED**  
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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 JULY 2011**

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**TRUSTEES' RESPONSIBILITIES STATEMENT**

The Trustees (who are also directors of East Lindsey Information Technology Centre Limited for the purposes of company law) are responsible for preparing the Trustees' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company and charity 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 charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently,
- observe the methods and principles in the Charities SORP,
- make judgments and estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

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

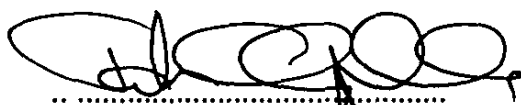
**PROVISION OF INFORMATION TO AUDITORS**

Each of the persons who are Trustees at the time when this Trustees' report is approved has confirmed that

- so far as that Trustee is aware, there is no relevant audit information of which the company's auditors are unaware, and
- each Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information.

In preparing this report, the Trustees have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the Trustees on 25 January 2012 and signed on their behalf, by

  
.....  
J Chappelle, Chairman

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**EAST LINDSEY INFORMATION TECHNOLOGY CENTRE LIMITED**  
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**INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF EAST LINDSEY INFORMATION  
TECHNOLOGY CENTRE LIMITED**

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We have audited the financial statements of East Lindsey Information Technology Centre Limited for the year ended 31 July 2011 set out on pages 14 to 24. 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 charitable company's members, as a body, in accordance with section 43 of the Charities Act 1993 and regulations made under section 44 of that Act. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members, as a body, for our audit work, for this report, or for the opinion we have formed.

**RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITORS**

As explained more fully in the Trustees' responsibilities statement, the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

The Trustees have elected for the financial statements to be audited in accordance with the Charities Act 1993 rather than the Companies Act 2006. Accordingly we have been appointed as auditors under section 43 of the Charities Act 1993 and report to you in accordance with regulations made under section 44 of that Act. 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 Trustees, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' report 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 charitable company's affairs as at 31 July 2011 and of its incoming resources and application of resources, including its income and expenditure, for the year 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

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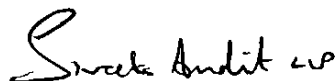
**INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF EAST LINDSEY INFORMATION  
TECHNOLOGY CENTRE LIMITED**

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**MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

We have nothing to report in respect of the following matters where the Charities Act 1993 requires us to report to you if, in our opinion

- the information given in the Trustees' report is inconsistent in any material respect with the financial statements; or
- the company has not kept adequate accounting records, or
- the financial statements are not in agreement with the accounting records and returns, or
- we have not received all the information and explanations we require for our audit



**Streets Audit LLP**

Chartered Accountants and Statutory Auditor

Tower House  
Lucy Tower Street  
Lincoln  
LN1 1XW  
31 January 2012

**EAST LINDSEY INFORMATION TECHNOLOGY CENTRE LIMITED**  
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**STATEMENT OF FINANCIAL ACTIVITIES**  
(Incorporating Income and expenditure account)  
**FOR THE YEAR ENDED 31 JULY 2011**

	Note	Restricted funds 2011 £	Unrestricted funds 2011 £	Total funds 2011 £	Total funds 2010 £
<b>INCOMING RESOURCES</b>					
Incoming resources from generated funds					
Voluntary income	2	1,160	-	1,160	21,962
Investment income	3	-	1,040	1,040	524
Incoming resources from charitable activities	4	-	1,355,872	1,355,872	1,262,431
<b>TOTAL INCOMING RESOURCES</b>		<b>1,160</b>	<b>1,356,912</b>	<b>1,358,072</b>	<b>1,284,917</b>
<b>RESOURCES EXPENDED</b>					
Charitable activities	6,7	18,990	1,258,230	1,277,220	1,194,526
Governance costs	5	-	5,075	5,075	4,500
<b>TOTAL RESOURCES EXPENDED</b>		<b>18,990</b>	<b>1,263,305</b>	<b>1,282,295</b>	<b>1,199,026</b>
<b>MOVEMENT IN TOTAL FUNDS FOR THE YEAR - NET INCOME/(EXPENDITURE) FOR THE YEAR</b>		<b>(17,830)</b>	<b>93,607</b>	<b>75,777</b>	<b>85,891</b>
<i>Total funds at 1 August 2010</i>		<i>34,444</i>	<i>1,133,541</i>	<i>1,167,985</i>	<i>1,082,094</i>
<b>TOTAL FUNDS AT 31 JULY 2011</b>		<b>16,614</b>	<b>1,227,148</b>	<b>1,243,762</b>	<b>1,167,985</b>

The notes on pages 16 to 24 form part of these financial statements



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**EAST LINDSEY INFORMATION TECHNOLOGY CENTRE LIMITED****(A company limited by guarantee)****REGISTERED NUMBER: 1802908**

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**BALANCE SHEET  
AS AT 31 JULY 2011**

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	Note	£	2011 £	£	2010 £
<b>FIXED ASSETS</b>					
Tangible assets	10		336,820		352,985
<b>CURRENT ASSETS</b>					
Consumable stocks		1,243		1,186	
Debtors	11	145,379		181,203	
Cash at bank		904,325		717,368	
		<u>1,050,947</u>		<u>899,757</u>	
<b>CREDITORS: amounts falling due within one year</b>	12	<u>(144,005)</u>		<u>(84,757)</u>	
<b>NET CURRENT ASSETS</b>			<u>906,942</u>		<u>815,000</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>1,243,762</u>		<u>1,167,985</u>
<b>CHARITY FUNDS</b>					
Restricted funds	13		16,614		34,444
Unrestricted funds	13		1,227,148		1,133,541
			<u>1,243,762</u>		<u>1,167,985</u>

The Trustees consider that the company is entitled to exemption from the requirement to have an audit under the provisions of section 477 of the Companies Act 2006 ("the Act") and members have not required the company to obtain an audit for the year in question in accordance with section 476 of the Act. However, an audit is required in accordance with section 43 of the Charities Act 1993.

The Trustees acknowledge their responsibilities for ensuring that the company 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 31 July 2011 and of its net incoming resources for the year then ended in accordance with the requirements of sections 394 and 395 of the Act and which otherwise comply with the requirements of the Act relating to the financial statements so far as applicable to the company.

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

The financial statements were approved by the Trustees on 25 January 2012 and signed on their behalf, by

  
.....  
J Chappelle, Chairman  
.....  
Cllr B Burnett, Vice Chairman

The notes on pages 16 to 24 form part of these financial statements

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**EAST LINDSEY INFORMATION TECHNOLOGY CENTRE LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2011**

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**1. ACCOUNTING POLICIES**

**1.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value, and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008). The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP), "Accounting and Reporting by Charities" published in March 2005, applicable accounting standards and the Companies Act 2006.

**1.2 Company status**

The company is a company limited by guarantee. The members of the company are the Trustees named on page 1. In the event of the company being wound up, the liability in respect of the guarantee is limited to £10 per member of the company.

**1.3 Fund accounting**

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the company and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors which have been raised by the company for particular purposes. The cost of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

Investment income, gains and losses are allocated to the appropriate fund.

**1.4 Incoming resources**

All incoming resources are included in the Statement of financial activities when the company is legally entitled to the income and the amount can be quantified with reasonable accuracy.

**1.5 Resources expended**

All expenditure is accounted for on an accruals basis and has been included under expense categories that aggregate all costs for allocation to activities. Where costs cannot be directly attributed to particular activities they have been allocated on a basis consistent with the use of the resources.

Support costs are those costs incurred directly in support of expenditure on the objects of the company and include project management carried out at Headquarters. Governance costs are those incurred in connection with administration of the company and compliance with constitutional and statutory requirements.

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**EAST LINDSEY INFORMATION TECHNOLOGY CENTRE LIMITED**  
(A company limited by guarantee)

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2011**

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**1. ACCOUNTING POLICIES (continued)**

**1.6 Tangible fixed assets and depreciation**

All assets costing more than £250 are capitalised

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases

Freehold property	-	4% straight line
S/Term Leasehold Property	-	10% straight line
Office equipment	-	33% straight line
Computer equipment	-	33/25% straight line

**1.7 Stocks**

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks

**1.8 Pensions**

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year

**1.9 Taxation**

The company is a registered Charity and the accounts are prepared on the basis that its activities are not liable for income tax or corporation tax

Any input VAT deemed to be irrecoverable by virtue of the Company being partially exempt by the nature of its income is separately recognised in the Statement of financial activities

**2. VOLUNTARY INCOME**

	<b>Restricted funds 2011 £</b>	<b>Unrestricted funds 2011 £</b>	<b>Total funds 2011 £</b>	<b>Total funds 2010 £</b>
Grants received	-	-	-	21,962
ELDC Cookery Club	1,160	-	1,160	-
	<hr/>	<hr/>	<hr/>	<hr/>
Voluntary income	<b>1,160</b>	<b>-</b>	<b>1,160</b>	<b>21,962</b>
	<hr/>	<hr/>	<hr/>	<hr/>

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2011**

**3. INVESTMENT INCOME**

	Restricted funds 2011 £	Unrestricted funds 2011 £	Total funds 2011 £	Total funds 2010 £
Bank interest	-	1,040	1,040	524
	<u>-</u>	<u>1,040</u>	<u>1,040</u>	<u>524</u>

**4. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES**

	Restricted funds 2011 £	Unrestricted funds 2011 £	Total funds 2011 £	Total funds 2010 £
Adult income	-	403,403	403,403	330,143
Youth income	-	755,276	755,276	637,062
Placement and college fee contributions	-	18,980	18,980	40,897
Commercial training and services	-	178,213	178,213	212,729
Amortisation of COVE grant	-	-	-	41,600
	<u>-</u>	<u>1,355,872</u>	<u>1,355,872</u>	<u>1,262,431</u>

**5. GOVERNANCE COSTS**

	Restricted funds 2011 £	Unrestricted funds 2011 £	Total funds 2011 £	Total funds 2010 £
Auditors' remuneration	-	5,075	5,075	4,500
	<u>-</u>	<u>5,075</u>	<u>5,075</u>	<u>4,500</u>

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JULY 2011**

**6. DIRECT COSTS**

	Charitable Activities £	Total 2011 £	Total 2010 £
Materials and purchases	166,298	166,298	129,577
Subcontract tutors	18,018	18,018	6,375
Staff travel	43,957	43,957	44,585
Trainee allowances	-	-	58,347
Telephone	8,942	8,942	9,118
Diploma expenses	2,774	2,774	13,791
Wages and salaries	764,370	764,370	670,339
National insurance	62,661	62,661	57,097
Pension cost	34,748	34,748	33,156
	<u>1,101,768</u>	<u>1,101,768</u>	<u>1,022,385</u>

The provision of education and training services is the sole activity of the charity

**7. SUPPORT COSTS**

	£	Total 2011 £	Total 2010 £
Rent and rates	21,298	21,298	18,744
Light and heat	6,665	6,665	10,924
Repairs and renewals	43,513	43,513	52,724
Advertising	6,993	6,993	8,254
Printing, postage and stationery	16,083	16,083	7,810
Insurance	7,080	7,080	7,357
Legal and professional	6,484	6,484	1,634
Bank charges	35	35	25
VAT absorbed	17,872	17,872	16,376
Sundry	11,247	11,247	10,049
Hire of equipment	9,690	9,690	8,221
Bad debt provision	1,645	1,645	1,450
Depreciation	26,847	26,847	28,573
	<u>175,452</u>	<u>175,452</u>	<u>172,141</u>

**EAST LINDSEY INFORMATION TECHNOLOGY CENTRE LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2011**

**8. NET INCOME / (EXPENDITURE)**

This is stated after charging:

	2011 £	2010 £
Depreciation of tangible fixed assets - owned by the charity	26,847	28,571
Governance Auditors' remuneration	5,075	4,500
Pension costs	34,748	33,156
	<u>66,670</u>	<u>66,227</u>

During the year, no Trustees received any remuneration (2010 - £NIL)

During the year, no Trustees received any benefits in kind (2010 - £NIL)

During the year, no Trustees received any reimbursement of expenses (2010 - £NIL)

**9. STAFF COSTS**

Staff costs were as follows

	2011 £	2010 £
Wages and salaries	764,370	670,339
Social security costs	62,661	57,097
Other pension costs	34,748	33,156
	<u>861,779</u>	<u>760,592</u>

The average monthly number of employees during the year was as follows

	2011 No.	2010 No.
Administration	10	5
Sales	2	2
Trainers	33	34
	<u>45</u>	<u>41</u>

No employee received remuneration amounting to more than £60,000 in either year

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2011**

**10. TANGIBLE FIXED ASSETS**

	Freehold property £	S/Term Leasehold Property £	Office equipment £	Computer equipment £	Total £
<b>Cost</b>					
At 1 August 2010	571,536	92,365	75,082	191,340	930,323
Additions	735	-	4,797	5,150	10,682
At 31 July 2011	572,271	92,365	79,879	196,490	941,005
<b>Depreciation</b>					
At 1 August 2010	248,074	90,829	54,290	184,145	577,338
Charge for the year	12,267	174	10,594	3,812	26,847
At 31 July 2011	260,341	91,003	64,884	187,957	604,185
<b>Net book value</b>					
At 31 July 2011	311,930	1,362	14,995	8,533	336,820
At 31 July 2010	323,462	1,536	20,792	7,195	352,985

**11. DEBTORS**

	2011 £	2010 £
Trade debtors	62,409	140,025
Other debtors	59,092	25,181
Prepayments and accrued income	23,878	15,997
	<u>145,379</u>	<u>181,203</u>

**12. CREDITORS:**  
**Amounts falling due within one year**

	2011 £	2010 £
Trade creditors	19,066	26,111
Social security and other taxes	39,215	38,333
Accruals and deferred income	85,724	20,313
	<u>144,005</u>	<u>84,757</u>

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2011**

**13. STATEMENT OF FUNDS**

	Brought Forward £	Incoming resources £	Resources Expended £	Carried Forward £
<b>Designated funds</b>				
Designated Funds	5,219	-	(2,652)	2,567
<b>General funds</b>				
General Funds	1,128,322	1,356,912	(1,260,653)	1,224,581
Total Unrestricted funds	1,133,541	1,356,912	(1,263,305)	1,227,148
<b>Restricted funds</b>				
Diploma Scheme	16,463	-	(16,463)	-
Learning & Skills Council	17,981	-	(1,367)	16,614
ELDC Cookery Club	-	1,160	(1,160)	-
	34,444	1,160	(18,990)	16,614
Total of funds	1,167,985	1,358,072	(1,282,295)	1,243,762



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**NOTES TO THE FINANCIAL STATEMENTS  
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**13. STATEMENT OF FUNDS (continued)**

Designated funds represent the purchase of specific assets to the business and is equal to the net book value of those assets within the balance sheet. Depreciation is charged against the fund each year.

**Restricted Funds:**

The Diploma Scheme is made up of monies received in 2009 to set up a new Diploma scheme initiated by the government. Costs have been allocated to this directly and the balance has been spent during the year.

Learning & Skills Council is made up of monies received to refurbish premises in Skegness to provide a centrally based training facility to increase engagement and participation in 14-19 and Apprenticeship provision. Costs are allocated directly with depreciation charged against the fund each year in respect of specific assets.

ELDC Cookery Club relates to monies received to financially aid cookery club membership.

**SUMMARY OF FUNDS**

	Brought Forward £	Incoming resources £	Resources Expended £	Carried Forward £
Designated funds	5,219	-	(2,652)	2,567
General funds	1,128,322	1,356,912	(1,260,653)	1,224,581
	<u>1,133,541</u>	<u>1,356,912</u>	<u>(1,263,305)</u>	<u>1,227,148</u>
Restricted funds	34,444	1,160	(18,990)	16,614
	<u>1,167,985</u>	<u>1,358,072</u>	<u>(1,282,295)</u>	<u>1,243,762</u>

**14. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

	Restricted funds 2011 £	Unrestricted funds 2011 £	Total funds 2011 £	Total funds 2010 £
Tangible fixed assets	16,614	320,206	336,820	352,985
Current assets	-	1,050,947	1,050,947	899,757
Creditors due within one year	-	(144,005)	(144,005)	(84,757)
	<u>16,614</u>	<u>1,227,148</u>	<u>1,243,762</u>	<u>1,167,985</u>

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JULY 2011**

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**15. PENSION COMMITMENTS**

The company operates a defined contribution personal pension plan that is open to all employees after completion of probationary service. The company contributes toward the pension scheme and employee's contributions are optional. The scheme is not contracted out. Free life assurance for an amount equal to annual salary is provided for those who join the pension scheme.

**16. RELATED PARTY TRANSACTIONS**

Some of the directors represent companies that purchase training services from the company. The total value of services provided was £35,087 (2010: £49,213).

	Services Provided at 31.07.11 £	Services Provided at 31.07.10 £	Balance Outstanding at 31.07.11 £	Balance Outstanding at 31.07.10 £
East Lindsey District Council	16,172	32,113	577	5,784
Lincolnshire County Council	18,615	17,100	-	-
Duncan & Toplis	-	-	-	-
J & A (International) Ltd	300	-	-	-
	<u>35,087</u>	<u>49,213</u>	<u>577</u>	<u>5,784</u>

**17. COMPANY LIMITED BY GUARANTEE**

The company has no shares but is limited by guarantee.