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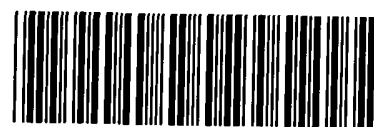
COMPANY REGISTRATION NUMBER: 04527579
CHARITY REGISTRATION NUMBER: 1094451

Swarthmore Education Centre
Company Limited by Guarantee
Financial statements
31st July 2017



Swarthmore
friendly learning

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Swarthmore Education Centre

Company Limited by Guarantee

Financial statements

year ended 31st July 2017

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Swarthmore Education Centre

Company Limited by Guarantee

Trustees' annual report (incorporating the director's report)

year ended 31st July 2017

The trustees, who are also the directors for the purposes of company law, present their report and the financial statements of the charity for the year ended 31st July 2017.

Reference and administrative details

Registered charity name	Swarthmore Education Centre
Charity registration number	1094451
Company registration number	04527579
Principal office and registered office	Swarthmore Education Centre 2/7 Woodhouse Square Leeds LS3 1AD

The trustees

F Matthews	
M Belt	
A Goundry	
P Hall	
Dr H Hubbard	
A Bowers	(Chair)
M Walters	
Mr G Harper	
Mrs J E Towers	
Ms C Wigzell	
Mr M F J Woodhead	
Mr J R Poole	(Appointed 25th January 2017)
Ms I Shaw	(Resigned 14th December 2016)
Mr J Barker	(Resigned 26th July 2017)

Senior management team

D Bird (From June 2017)
M Butterworth
A Hill
M Torbitt
J Macleod
P Johnson
P Gadd

Auditor

Sagars Accountants Ltd
Chartered accountant & statutory auditor
Gresham House
5-7 St Paul's Street
Leeds
LS1 2JG

Swarthmore Education Centre

Company Limited by Guarantee

Trustees' annual report (incorporating the director's report) *(continued)*

year ended 31st July 2017

Structure, governance and management

The charity is an incorporated company limited by guarantee and is governed by the company's Memorandum and Articles of Association.

As set out in the Articles of Association up to 13 members of the Management Committee are nominated by the members of the charitable company, up to 2 are appointed by the Leeds Society of Friends and up to one third may be co-opted by the Management Committee to provide specialist skills, subject to an overall maximum of 15 members.

In accordance with the Articles of Association all officers and co-opted members and one third of elected members of the Management Committee retire at the Annual General Meeting and, being eligible, offer themselves for re-election.

Trustees Recruitment and training

As of 31 July 2017 there are twelve trustees on the Swarthmore Board. They are recruited from the Swarthmore membership, which is made up of students on the whole. In addition some trustees are targeted with particular skills and others from particular organisations.

There is an induction pack available for all new trustees. Induction of trustees is carried out by the Chair and other members of the Board. New trustees will also be introduced to the Operations Director and other members of the Senior Management Team to enable them to gain an overall view of the organisation and its management. Relevant training is provided as needed free of charge. Trustees are informed of relevant external training events and provided with the opportunity to disseminate training to other trustees.

Key management personnel

Key management personnel comprised the Operations Director, Maggi Butterworth, and the five members of the senior management team. Maggi Butterworth left the organisation on 31st July and has been replaced as Operations Director by Diana Bird from 7th June, 2017.

Objectives and activities

Swarthmore is a registered charity originally established in 1909, with historic links to the Quaker movement. The centre is one of the oldest Quaker settlements named after the original Quaker meeting place. The centre is one of the oldest independent adult education centres in the country with 1809 part-time student members enrolled in 2016/17. Swarthmore is committed to user participation.

Swarthmore offers a distinct learning atmosphere characterised by an encouragement of "friendly learning". We offer a unique range of integrated learning opportunities for adults and young people with over 150 courses per year including Counselling, Arts and Crafts, Computing, Health and Wellbeing and Music as well as English and Maths and a full time Study Programme for young people who require High Needs Support. There are courses to engage adults back into learning and courses leading to qualifications as well as 'leisure courses'. We offer a wide range of chances to make a first step, improve career prospects, develop confidence and skills, and to make new friends while learning. We also deliver provision across Leeds and have worked in different venues across the city as well as at Swarthmore during 2016/17 targeting those areas experiencing greatest disadvantages

The centre is committed to providing an inclusive learning environment, with a wide range of support systems in place to overcome barriers to learning. Courses are targeted at specific groups, for example for people with learning difficulties and / or disabilities or people looking to improve their job prospects. Widening participation is promoted through financial subsidies for students who have difficulty paying fees. Class times are flexible, often arranged around school hours, and a student centred approach to timetabling enables mobility needs of centre users to be accommodated. The Centre provides Ofsted registered childcare on site in order to overcome barriers to learning experienced by those with childcare responsibilities.

Swarthmore is also a community resource, offering meeting space, a venue for conferences and training events, and studios for hire. The Centre is utilised by occasional users as well as long established groups, such as Leeds Peoples' Choir and The Saturday People, who now organise themselves independently.

Swarthmore Education Centre

Company Limited by Guarantee

Trustees' annual report (incorporating the director's report) *(continued)*

year ended 31st July 2017

Objectives and activities *(continued)*

The Café is a valuable resource which is used by students, staff, centre users and members of the local community. The Café is the heart of the Centre, providing an informal meeting place for centre users between classes and also a learning environment for learners who have learning difficulties and disabilities, mental health issues and those experiencing isolation and exclusion from society to interact with others and to build their confidence, skills and independence.

The Centre benefits from the support of a number of committed volunteers, many who have previously studied at Swarthmore. Volunteers provide valuable in class support to learners who might benefit from more individual attention.

The management of Swarthmore is led through the Management Committee otherwise known as 'Swarthmore Council', which comprises members of Swarthmore and co-opted members from a number of local organisations. Swarthmore Council has the overall responsibility for the strategic direction and management of the Centre. An operations Director is appointed by the Council to manage the day-to-day activities of the charity.

Swarthmore works in partnership with other organisations to maximise the range and variety of educational opportunities available to students. This includes collaborating on projects with other voluntary organisations, such as the Workers' Education Association (WEA), and providing space for other delivery partners to run courses, such as Leeds City College who rent the dance hall during term time.

Swarthmore has one of only two contracts in Leeds City region for providing independent careers and educational advice. Funding for this service is through Careers Yorkshire and the Humber. The service is available for potential students and the wider community.

There have been no material changes in the overall aims and objectives of the Centre during the year.

Achievements and performance

Swarthmore provides a unique and friendly environment to a wide range of students including non traditional learners or those who have had previously poor experiences of learning or have been educationally disadvantaged for various reasons. Students from all backgrounds find in Swarthmore a sense of belonging and acceptance in which learning and creativity are fostered.

Swarthmore seeks to inspire lives through friendly learning, within a commitment to equality of opportunity. To this end the Centre has nurtured relationships with a number of partners and external organisations to secure core funding for its activities.

The main sources of funding in 16/17 are the Education Funding Agency (EFA), Open Door, Sheffield, Leeds City Council, and Careers West Yorkshire. Other income is generated through student fees, including those generated by Swarthmore's leisure courses which are fully self-funded.

The EFA (Education Funding Agency) contributed £467,250 to support full-time Study programmes for HNS learners aged 16 – 24). The Local Authority awarded funding for element 2 and 3 for High Needs Support student numbers over and above the allocation to the sum of £145,281.

Swarthmore continued to be a sub-contractor of Open Door Adult Learning Centre who are the lead provider for the SFA Adult Skills' budget grant which funds the majority of the accredited provision at Swarthmore. The total grant was £230,922 (before management fee deduction) with learning loans made available for students studying at Levels 3 and 4.

Leeds City Council has contributed during this year the amount of £207,418 for core funding for delivery of non-accredited, community learning and engagement type courses. In addition to this grant Leeds City Council also provide financial support towards the cost of Learning Support Assistants, volunteers and crèche.

The criteria used by Swarthmore to assess success in the reporting period are the number of students engaging with learning programmes at the centre and the variety of programmes on offer to learners as well as the impact on improving students' life chances through achievement of their chosen learning programmes.

Student numbers continue to rise and show an 8% increase in student numbers in 2016/17 (1807 students) when compared with 15/16 (1667 students.)

The quality of the provision is assessed by Key Performance Indicators (KPIs) which include fulfilment of contracts, achievement rates, Self Assessment, external evaluation of the provision (i.e. Ofsted) and feedback from students.

Swarthmore Education Centre

Company Limited by Guarantee

Trustees' annual report (incorporating the director's report) *(continued)*

year ended 31st July 2017

Achievements and performance *(continued)*

During 16/17 Swarthmore was inspected by Ofsted through Open Door and Leeds City Council. Both inspections resulted in Good ratings. The Study Programme has since also been inspected by Ofsted and also graded Good. This means all aspects of educational provision at the Centre which are subject to inspection by Ofsted have a current rating of Good.

Achievement rates for all aspects of the provision were maintained from 15/16 and continue to be good.

Learner feedback was extremely positive with many students reporting increased skills, confidence and high levels of satisfaction with their learning experience. Furthermore, the Centre participated in a pilot survey of Social Impact as part of the Leeds City Council contract. Students indicated that attending a Swarthmore course had impacted positively on various aspects of their lives such as facilitating them in making new friends, developing new skills, feeling more positive about the future and resulted in an increased sense of wellbeing.

Identification of risk

There are a number of issues facing the organisation over the next few years.

The Centre is now aware that funding through Open Door will cease at the end of 2017/18 which means that we will no longer be able to access funding for our accredited courses through this partnership, which in 16/17 stood at £230,922. The LCC contract for 17/18 has increased to approximately £250,000 which will provide some replacement funding for the Open Door contract. Swarthmore is mindful of the need to secure further long term funding to enable us to continue to meet the needs of students.

The current partnership with LCC also comes to an end in summer 2018. We would expect to be reinstated as a delivery partner from 2018 and the Good ratings through Ofsted and good achievement rates put us in a strong position. It will be important to maintain this standard.

Plans for future periods

Plans for the future will focus around meeting the Centre's strategic aims and objectives:

- To establish ourselves as a Centre of excellence for lifelong learning
- To provide an outstanding teaching and learning experience
- To be financially secure
- To support personal progression and wellbeing through creativity, innovation, diversity and inclusion

Contracts are in place for all funded courses for the academic year 17/18. The Centre plans to meet the contract values and KPIs of each contract and to maintain the quality standards and good reputation of the organisation. In order to achieve this there will be an increased investment in staff training and development. Maintaining the quality of the provision will be particularly important as we explore new funding sources and partnerships for 18/19 and beyond to replace the Open Door contract. We will also seek funding from other sources in order to make Swarthmore less reliant on public funding.

Longer term plans will take a mix and blend approach to funding. We will aim to increase income from a wider range of funding sources with an increased focus on generating income from fully funded leisure courses. We will expand and review our portfolio of courses to ensure they continue to meet the needs, interests and aspirations of current and potential students. We will review our marketing strategy and maximise the use of social media and other technologies to attract new students to the Centre and to raise the profile of the Centre both in the City and nationally. We will continue to look ahead at the challenges and opportunities that Devolution and Brexit may bring.

Financial review

During the year Swarthmore received grants and donations from various sources. These are set out in notes 5-6 in the accounts. The attached audited financial statements show a surplus on general funds of £3,928

In preparing the balance sheet as at 31 July 2017, the freehold land and buildings are included at their deemed estimated value to the Centre less depreciation of £982,548. The balance on the balance sheet for Improvements to Leasehold Property at 31 July 2017 is £163,679.

The Centre's overall aim is to ensure that any resources which are generated are retained within the organisation to provide improved services. The Centre continues to operate in a changing environment, with many conflicting demands on the Centre's resources. The Swarthmore Council and Senior Management Team are aware of the need to ensure that the Centre has sufficient resources to meet any expected demands.

Swarthmore Education Centre

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Trustees' annual report (incorporating the director's report) *(continued)*

year ended 31st July 2017

Reserves Policy and Risk Management

The Centre has enjoyed a reasonable level of security in the regularity of income into the business via a diverse range of well established revenue streams. Furthermore, the Centre has substantial levels of general unrestricted funds. These two factors allow the Swarthmore Council to set a reserves policy at three months' expenditure. The current free reserves stand at £330,250 backed up by fixed assets of £1,297,989, equating to total unrestricted funds of £1,628,239. Based on our current operations monthly expenditure is estimated to be around £120,000. This indicates a slight deficit (c£30,000) in current reserves levels and the Trustees will therefore be seeking to increase these over the coming year.

Public benefit guidance

The trustees confirm that they have referred to the guidance on public benefit issued by the Charity Commission when reviewing the aims and objectives of the charity. The Trustees consider that its activities and achievements carried out during the financial year, and described in this Trustees' Report, have been carried out for the public benefit and satisfy the Charity Commission's requirements.

Trustees' responsibilities statement

The trustees, who are also directors 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 law requires the charity trustees to prepare financial statements for each year which give a true and fair view of the state of affairs of the charitable company and the incoming resources and application of resources, including the income and expenditure, 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 applicable Charities SORP;
- make judgments and accounting 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;
- 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 adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity 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 charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditor

Each of the persons who is a trustee at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the charity's auditor is unaware; and
- they have taken all steps that they ought to have taken as a trustee to make themselves aware of any relevant audit information and to establish that the charity's auditor is aware of that information.

The trustees' annual report and the strategic report were approved on 25th October 2017 and signed on behalf of the board of trustees by:



A Bowers
Trustee

Swarthmore Education Centre

Company Limited by Guarantee

Independent auditor's report to the members of Swarthmore Education Centre

year ended 31st July 2017

Opinion

We have audited the financial statements of Swarthmore Education Centre (the 'charity') for the year ended 31st July 2017 which comprise the statement of financial activities (including income and expenditure account), statement of financial position, statement of cash flows and the related notes, 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 FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charity'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 charity's members those matters we are required to state to them in an auditor's 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31st July 2017 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;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

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.

Swarthmore Education Centre

Company Limited by Guarantee

Independent auditor's report to the members of Swarthmore Education Centre *(continued)*

year ended 31st July 2017

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the trustees' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the trustees' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report.

We have nothing to report in respect of the following matters in relation to which 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 trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees (who are also the directors 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, 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 charity or to cease operations, or have no realistic alternative but to do so.

Swarthmore Education Centre

Company Limited by Guarantee

Independent auditor's report to the members of Swarthmore Education Centre *(continued)*

year ended 31st July 2017

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the charity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the charity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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



Susan Seaman BA FCA CIOT (Senior Statutory Auditor)

For and on behalf of
Sagars Accountants Ltd
Chartered accountant & statutory auditor
Gresham House
5-7 St Paul's Street
Leeds
LS1 2JG

25th October 2017

Swarthmore Education Centre

Company Limited by Guarantee

Statement of financial activities (including income and expenditure account)

31st July 2017

		2017		2016
	Note	Unrestricted funds £	Restricted funds £	Total funds £
Income and endowments				
Donations and legacies	5	2,493	—	2,493
Charitable activities	6	1,376,443	—	1,376,443
Other trading activities	7	141,553	—	141,553
Investment income	8	144	—	144
Other income	9	12,348	—	12,348
Total income		<u>1,532,981</u>	<u>—</u>	<u>1,532,981</u>
Expenditure				
Expenditure on raising funds:				
Costs of other trading activities	10	106,515	—	106,515
Expenditure on charitable activities	11,12	1,422,538	—	1,422,538
Total expenditure		<u>1,529,053</u>	<u>—</u>	<u>1,529,053</u>
Net income/(expenditure) and net movement in funds		<u>3,928</u>	<u>—</u>	<u>3,928</u>
Reconciliation of funds				
Total funds brought forward		1,624,311	11,359	1,635,670
Total funds carried forward		<u>1,628,239</u>	<u>11,359</u>	<u>1,639,598</u>

The statement of financial activities includes all gains and losses recognised in the year.
All income and expenditure derive from continuing activities.

The notes on pages 12 to 21 form part of these financial statements.

Swarthmore Education Centre

Company Limited by Guarantee

Statement of financial position

31st July 2017

		2017 £	£	2016 £
Fixed assets				
Tangible fixed assets	18		1,297,989	1,311,986
Current assets				
Debtors	19	200,128		203,344
Cash at bank and in hand		352,763		308,011
		<u>552,891</u>		<u>511,355</u>
Creditors: Amounts falling due within one year	20	<u>211,282</u>		<u>187,671</u>
Net current assets			341,609	323,684
Total assets less current liabilities			<u>1,639,598</u>	<u>1,635,670</u>
Net assets			<u>1,639,598</u>	<u>1,635,670</u>
Funds of the charity				
Restricted funds			11,359	11,359
Unrestricted funds			<u>1,628,239</u>	<u>1,624,311</u>
Total charity funds	22		<u>1,639,598</u>	<u>1,635,670</u>

These financial statements were approved by the board of trustees and authorised for issue on 25th October 2017, and are signed on behalf of the board by:



A Bowers
Trustee

Company registration: 04527579

The notes on pages 12 to 21 form part of these financial statements.

Swarthmore Education Centre

Company Limited by Guarantee

Statement of cash flows

year ended 31st July 2017

	Note	2017 £	2016 £
Cash generated from operations	25	105,429	48,489
Interest received		144	691
Net cash from operating activities		<u>105,573</u>	<u>49,180</u>
Cash flows from investing activities			
Purchase of tangible assets		(60,821)	(82,644)
Net cash used in investing activities		<u>(60,821)</u>	<u>(82,644)</u>
Net increase/(decrease) in cash and cash equivalents		44,752	(33,464)
Cash and cash equivalents at beginning of year		<u>308,011</u>	<u>341,475</u>
Cash and cash equivalents at end of year		<u>352,763</u>	<u>308,011</u>

The notes on pages 12 to 21 form part of these financial statements.

Swarthmore Education Centre

Company Limited by Guarantee

Notes to the financial statements

year ended 31st July 2017

1. General information

The charity is a private company limited by guarantee, registered in England and Wales and a registered charity in England and Wales. The address of the registered office is Swarthmore Education Centre, 2/7 Woodhouse Square, Leeds, LS3 1AD.

2. Statement of compliance

These financial statements have been prepared in compliance with FRS102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland', the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the U.K and Republic of Ireland (FRS102) (Charities SORP (FRS102)) and the Charities Act 2011.

Swarthmore Education Centre meets the definition of a public benefit entity under FRS102.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through income or expenditure.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Going concern

The Directors have reviewed budgets and forecasts and assessed that the going concern basis remains appropriate for preparation of the financial statements.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. Details of these judgements are set out in the accounting policies.

Fund accounting

Unrestricted funds are available for use at the discretion of the trustees to further any of the charity's purposes.

Designated funds are unrestricted funds earmarked by the trustees for particular future project or commitment.

Restricted funds are subjected to restrictions on their expenditure declared by the donor or through the terms of an appeal, and fall into one of two sub-classes: restricted income funds or endowment funds.

Swarthmore Education Centre

Company Limited by Guarantee

Notes to the financial statements *(continued)*

year ended 31st July 2017

3. Accounting policies *(continued)*

Incoming resources

All incoming resources are included in the statement of financial activities when entitlement has passed to the charity; it is probable that the economic benefits associated with the transaction will flow to the charity and the amount can be reliably measured. The following specific policies are applied to particular categories of income:

- income from donations or grants is recognised when there is evidence of entitlement to the gift, receipt is probable and its amount can be measured reliably.
- legacy income is recognised when receipt is probable and entitlement is established.
- income from donated goods is measured at the fair value of the goods unless this is impractical to measure reliably, in which case the value is derived from the cost to the donor or the estimated resale value. Donated facilities and services are recognised in the accounts when received if the value can be reliably measured. No amounts are included for the contribution of general volunteers.
- income from contracts for the supply of services is recognised with the delivery of the contracted service. This is classified as unrestricted funds unless there is a contractual requirement for it to be spent on a particular purpose and returned if unspent, in which case it may be regarded as restricted.

Resources expended

Expenditure is recognised on an accruals basis as a liability is incurred. Expenditure includes any VAT which cannot be fully recovered, and is classified under headings of the statement of financial activities to which it relates:

- expenditure on raising funds includes the costs of all fundraising activities, events, non-charitable trading activities, and the sale of donated goods.
- expenditure on charitable activities includes all costs incurred by a charity in undertaking activities that further its charitable aims for the benefit of its beneficiaries, including those support costs and costs relating to the governance of the charity apportioned to charitable activities.
- other expenditure includes all expenditure that is neither related to raising funds for the charity nor part of its expenditure on charitable activities.

All costs are allocated to expenditure categories reflecting the use of the resource. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs are apportioned between the activities they contribute to on a reasonable, justifiable and consistent basis.

Operating leases

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

Swarthmore Education Centre

Company Limited by Guarantee

Notes to the financial statements *(continued)*

year ended 31st July 2017

3. Accounting policies *(continued)*

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

In accordance with SORP 2000 the Management Committee capitalised freehold land and buildings at 2-5 Woodhouse Square, Leeds gifted on 1 April 2003 at their estimated value to the centre of £1,100,000. Subsequently, there has been £226,563 of improvements to the property.

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other recognised gains and losses, unless it reverses a charge for impairment that has previously been recognised as expenditure within the statement of financial activities. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other recognised gains and losses, except to which it offsets any previous revaluation gain, in which case the loss is shown within other recognised gains and losses on the statement of financial activities.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Freehold property	-	2% straight line
Leasehold property	-	Remaining life of lease
Fixtures and Fittings	-	25% Straight line / 15% reducing balance

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the charity are assigned to those units.

Financial instruments

A financial asset or a financial liability is recognised only when the entity becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the amount receivable or payable including any related transaction costs, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Current assets and current liabilities are subsequently measured at the cash or other consideration expected to be paid or received and not discounted.

Swarthmore Education Centre

Company Limited by Guarantee

Notes to the financial statements *(continued)*

year ended 31st July 2017

4. Limited by guarantee

The company is limited by guarantee to the value of £1 per member on winding up.

5. Donations and legacies

	Unrestricted Funds £	Restricted Funds £	Total Funds 2017 £
Donations			
Donations	2,493	—	2,493
	<u>2,493</u>	<u>—</u>	<u>2,493</u>
	Unrestricted Funds £	Restricted Funds £	Total Funds 2016 £
Donations			
Donations	3,522	68	3,590
	<u>3,522</u>	<u>68</u>	<u>3,590</u>

6. Charitable activities

	Unrestricted Funds £	Restricted Funds £	Total Funds 2017 £
Skills Funding Agency (via Open Door)	230,922	—	230,922
Leeds City Council Adult learning	207,418	—	207,418
Leeds City Council Additional learning support	145,281	—	145,281
Other Grants	5,100	—	5,100
Student fees	264,254	—	264,254
Membership fees	14,438	—	14,438
Sale of educational materials	6,029	—	6,029
Education Funding Agency	467,250	—	467,250
Careers West Yorkshire	35,751	—	35,751
	<u>1,376,443</u>	<u>—</u>	<u>1,376,443</u>
	Unrestricted Funds £	Restricted Funds £	Total Funds 2016 £
Skills Funding Agency (via Open Door)	223,620	—	223,620
Leeds City Council Adult learning	200,690	—	200,690
Leeds City Council Additional learning support	84,904	—	84,904
Other Grants	—	2,000	2,000
Student fees	168,988	—	168,988
Membership fees	14,616	—	14,616
Sale of educational materials	3,434	—	3,434
Education Funding Agency	435,881	—	435,881
Careers West Yorkshire	37,132	—	37,132
	<u>1,169,265</u>	<u>2,000</u>	<u>1,171,265</u>

Swarthmore Education Centre

Company Limited by Guarantee

Notes to the financial statements *(continued)*

year ended 31st July 2017

7. Other trading activities

	Unrestricted Funds	Total Funds 2017	Unrestricted Funds	Total Funds 2016
	£	£	£	£
Cafe income	50,894	50,894	47,968	47,968
Rental income	90,659	90,659	95,882	95,881
	<u>141,553</u>	<u>141,553</u>	<u>143,850</u>	<u>143,849</u>

8. Investment income

	Unrestricted Funds	Total Funds 2017	Unrestricted Funds	Total Funds 2016
	£	£	£	£
Bank interest receivable	<u>144</u>	<u>144</u>	<u>691</u>	<u>691</u>

9. Other income

	Unrestricted Funds	Total Funds 2017	Unrestricted Funds	Total Funds 2016
	£	£	£	£
Miscellaneous income	<u>12,348</u>	<u>12,348</u>	<u>13,180</u>	<u>13,180</u>

10. Costs of other trading activities

	Unrestricted Funds	Total Funds 2017	Unrestricted Funds	Total Funds 2016
	£	£	£	£
Cafe - purchases	26,284	26,284	27,279	27,279
Cafe - wages and salaries	47,124	47,124	43,486	43,486
Cafe - other expenditure	3,479	3,479	3,406	3,406
Rental - wages	13,105	13,105	13,271	13,271
Rental - other expenditure	16,523	16,523	21,469	21,469
	<u>106,515</u>	<u>106,515</u>	<u>108,911</u>	<u>108,911</u>

Swarthmore Education Centre

Company Limited by Guarantee

Notes to the financial statements *(continued)*

year ended 31st July 2017

11. Expenditure on charitable activities by fund type

	Unrestricted Funds £	Restricted Funds £	Total Funds 2017 £
Courses	1,021,663	–	1,021,663
Creche	17,732	–	17,732
Support costs	383,143	–	383,143
	<u>1,422,538</u>	<u>–</u>	<u>1,422,538</u>

	Unrestricted Funds £	Restricted Funds £	Total Funds 2016 £
Courses	880,626	1,975	882,600
Creche	14,267	–	14,267
Support costs	396,940	–	396,940
	<u>1,291,833</u>	<u>1,975</u>	<u>1,293,807</u>

12. Expenditure on charitable activities by activity type

	Activities undertaken directly £	Support costs £	Total funds 2017 £	Total fund 2016 £
Courses	1,021,663	343,231	1,364,894	1,238,882
Creche	17,732	3,032	20,764	17,168
Governance costs	–	36,880	36,880	37,757
	<u>1,039,395</u>	<u>383,143</u>	<u>1,422,538</u>	<u>1,293,807</u>

13. Analysis of support costs

	Courses £	Creche £	Governance £	Total 2017 £	Total 2016 £
Staff costs	187,462	1,379	26,946	215,787	229,560
Premises	62,578	1,347	–	63,925	62,047
Communications and IT	2,782	127	–	2,909	2,356
General office	15,591	179	514	16,284	13,963
Depreciation	74,818	–	–	74,818	78,694
Legal and professional fees	–	–	9,420	9,420	10,320
	<u>343,231</u>	<u>3,032</u>	<u>36,880</u>	<u>383,143</u>	<u>396,940</u>

14. Net income/(expenditure)

Net income/(expenditure) is stated after charging/(crediting):

	2017 £	2016 £
Depreciation of tangible fixed assets	<u>74,818</u>	<u>78,694</u>

Swarthmore Education Centre

Company Limited by Guarantee

Notes to the financial statements *(continued)*

year ended 31st July 2017

15. Auditors remuneration

	2017 £	2016 £
Fees payable for the audit of the financial statements	<u>5,820</u>	<u>6,720</u>

16. Staff costs

The total staff costs and employee benefits for the reporting period are analysed as follows:

	2017 £	2016 £
Wages and salaries	<u>1,057,145</u>	<u>1,007,024</u>

The average head count of employees during the year was 78 (2016: 77).

No employee received employee benefits of more than £60,000 during the year (2016: Nil).

Key Management Personnel

Key management personnel include all persons that have authority and responsibility for planning, directing and controlling the activities of the charity. The total compensation paid to key management personnel for services provided to the charity was £187,622 (2016: £225,160).

17. Trustee remuneration and expenses

No remuneration or other benefits from employment with the charity or a related entity were received by the trustees. No expenses were reimbursed to the trustees during the year.

18. Tangible fixed assets

	Freehold property £	Long leasehold property £	Fixtures and fittings £	Total £
Cost				
At 1st August 2016	1,326,563	140,059	465,885	1,932,507
Additions	–	39,680	21,141	60,821
At 31st July 2017	<u>1,326,563</u>	<u>179,739</u>	<u>487,026</u>	<u>1,993,328</u>
Depreciation				
At 1st August 2016	317,015	12,460	291,046	620,521
Charge for the year	27,000	3,600	44,218	74,818
At 31st July 2017	<u>344,015</u>	<u>16,060</u>	<u>335,264</u>	<u>695,339</u>
Carrying amount				
At 31st July 2017	<u>982,548</u>	<u>163,679</u>	<u>151,762</u>	<u>1,297,989</u>
At 31st July 2016	<u>1,009,548</u>	<u>127,599</u>	<u>174,839</u>	<u>1,311,986</u>

Swarthmore Education Centre

Company Limited by Guarantee

Notes to the financial statements *(continued)*

year ended 31st July 2017

19. Debtors

	2017 £	2016 £
Trade debtors	174,357	171,768
Prepayments and accrued income	25,771	31,576
	<u>200,128</u>	<u>203,344</u>

20. Creditors: Amounts falling due within one year

	2017 £	2016 £
Trade creditors	54,505	56,305
Accruals and deferred income	126,520	115,172
Social security and other taxes	24,250	16,194
Other creditors	6,007	–
	<u>211,282</u>	<u>187,671</u>

21. Deferred income

	2017 £	2016 £
At 1st August 2016	56,409	30,968
Amount released to income	(56,409)	(30,968)
Amount deferred in year	67,511	56,409
At 31st July 2017	<u>67,511</u>	<u>56,409</u>

22. Analysis of charitable funds

Unrestricted funds

	At 1st August 2016 £	Income £	Expenditure £	Transfers £	At 31st July 2017 £
Unrestricted Income Fund	488,164	1,532,981	(1,498,453)	(40,680)	482,012
Unrestricted Property Fund	1,136,147	–	(30,600)	40,680	1,146,227
	<u>1,624,311</u>	<u>1,532,981</u>	<u>(1,529,053)</u>	<u>–</u>	<u>1,628,239</u>

The unrestricted property fund represents monies held in freehold and leasehold property at the year end.

Swarthmore Education Centre

Company Limited by Guarantee

Notes to the financial statements *(continued)*

year ended 31st July 2017

22. Analysis of charitable funds *(continued)*

Restricted funds

	At 1st August 2016	Income	Expenditure	Transfers	At 31st July 2017
	£	£	£	£	£
UK Online	9,268	–	–	–	9,268
Lift fund	2,091	–	–	–	2,091
	<u>11,359</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>11,359</u>

The lift fund relates to income specifically generated in order to fund the installation of a lift into 2/7 Woodhouse Square. In year ended 31st July 2016 the balance brought forward was £9,243, income was received of £2,000 and £1,975 was spent to leave a closing balance of £9,268.

UK Online is a grant from the Tinder Foundation to support specific programmes of digital inclusion activity. In the year ended 31st July 2016 the balance brought forward was £2,023, income was received of £68 and there was no expenditure in the year, to leave a closing balance of £2,091.

23. Analysis of net assets between funds

	Unrestricted Funds £	Restricted Funds £	Total Funds 2017 £
Tangible fixed assets	1,297,989	–	1,297,989
Current assets	541,532	11,359	552,891
Creditors less than 1 year	<u>(211,282)</u>	<u>–</u>	<u>(211,282)</u>
Net assets	<u>1,628,239</u>	<u>11,359</u>	<u>1,639,598</u>

The restricted funds in the year ended 31st July 2016 of £11,359 were all within current assets, the balance of Tangible fixed assets, current assets and creditors less than 1 year were all unrestricted.

24. Financial instruments

The carrying amount for each category of financial instrument is as follows:

	2017 £	2016 £
Financial assets measured at fair value through income and expenditure		
Financial assets measured at fair value through income and expenditure	<u>527,120</u>	<u>479,778</u>
Financial liabilities measured at fair value through income and expenditure		
Financial liabilities measured at fair value through income and expenditure	<u>211,282</u>	<u>187,671</u>

Swarthmore Education Centre

Company Limited by Guarantee

Notes to the financial statements *(continued)*

year ended 31st July 2017

25. Cash generated from operations

	2017	2016
	£	£
Net income/(expenditure)	3,928	(70,143)
<i>Adjustments for:</i>		
Depreciation of tangible fixed assets	74,818	78,694
Other interest receivable and similar income	(144)	(691)
<i>Changes in:</i>		
Trade and other debtors	3,216	30,297
Trade and other creditors	23,611	10,332
	<u>105,429</u>	<u>48,489</u>

26. Capital commitments

Capital expenditure contracted for but not provided for in the financial statements is as follows:

	2017	2016
	£	£
Tangible fixed assets	<u>—</u>	<u>5,148</u>

27. Operating lease commitments

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2017	2016
	£	£
Later than 1 year and not later than 5 years	<u>19,907</u>	<u>25,860</u>