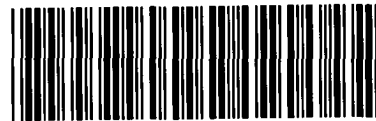


COMPANY REGISTRATION NUMBER: 04527579
CHARITY REGISTRATION NUMBER: 1094451

Swarthmore Education Centre
Company Limited by Guarantee
Financial statements
31st July 2018

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Swarthmore Education Centre

Company Limited by Guarantee

Chairs report

year ended 31st July 2018

In taking over as Chair in April this year from Mrs Anne Bowers, I would firstly like to thank both Anne in her role as Chair and Mrs Jan Towers in that of Vice Chair for their hard work and dedication to the Swarthmore Adult Education Centre over the past decade. During those years the centre has both expanded and diversified in Adult Education provision, broadly growing to double the turnover. A significant and seismic shift.

Our main provision during this change process has remained adult leisure education courses across a wide range of areas including pottery, jewellery making, life coaching, counselling, creative writing, drama, Spanish, French and computer skills. Our courses remain very popular, with many students returning year on year to further develop their skills.

Our growth in education for 16-24 year olds with high needs has been very successful. This year saw on-going improvements within our study programme. It culminated in a heart warming graduation ceremony, with students taking part in a drama production and a range of other creative activities. It was evident to all who attended that our students had made great strides in their educational endeavours whilst learning at Swarthmore. They had developed new skills that would enable them to become active and productive adults. This clearly has a great impact for each individual student, but also on their families and within their local communities. So we can be proud of the public benefit our teaching brings to a special group of students who may otherwise become marginalised.

Of course the successful expansion at Swarthmore brings new challenges, particularly when working in an overall political environment that is focused on austerity. Some funding streams have now changed, for example the Open Door consortium that we had worked on in partnership for the past 5 years has now come to an end. This means we must seek other funding and continue to work harder going forward, drawing on our recognised strength as a friendly learning environment.

To support us in leading the way forward for Swarthmore we appointed a new Director in April 2018. Joanna Stokes has already transformed a number of processes in the organisation - drawing on her extensive work experience, knowledge and understanding including her work as an OFSTED inspector. We welcome her overall approach, maintaining a difficult balance that values all staff whilst tirelessly working with the management team to continuously improve the quality and standards both in the teaching for our students and overall development of a circa £1.6m turnover organisation. Swarthmore has been a significant presence in the Leeds Adult Education landscape since 1909, and students, staff, management and trustees look forward collectively to it remaining a significant jewel in that adult education crown.

In conclusion, Swarthmore has had sustained growth and development over the past decade. This has taken place at a time of recognised austerity and funding uncertainty. Going forward we aim to ensure improved sustainability and sound financial management that will secure Swarthmore's place in the future Adult Education offer across Leeds and surrounding district. This will enable Swarthmore to continue to have a positive impact on the lives of all our adult learners - ultimately giving them greater quality of life through their positive lifelong learning experience.

Kathryn Julie Badon
Chair

Swarthmore Education Centre
Company Limited by Guarantee
Financial statements
year ended 31st July 2018

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Swarthmore Education Centre

Company Limited by Guarantee

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

year ended 31st July 2018

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 2018.

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 P Hall H Hubbard M Walters C Wigzell M F J Woodhead K J Badon R J Mcara E J Watkins I Greenwood M Ellis A Goundry A Bowers J R Poole G Harper J E Towers	 (Appointed 13th December 2017) (Appointed 9th March 2018) (Appointed 13th December 2017) (Appointed 23rd May 2018) (Appointed 23rd May 2018) (Resigned 14th February 2018) (Resigned 29th March 2018) (Resigned 2nd February 2018) (Resigned 1st June 2018) (Resigned 23rd March 2018)
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Senior management team	J Stokes (appointed April 2018) D Bird (Until April 2018) P Johnson A Torbitt J Macleod A Hill P Gadd (Until April 2018) D Holroyd (Until June 2018)
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Company secretary	J Stokes
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Auditor	Sagars Accountants Ltd Chartered accountant & statutory auditor Gresham House 5-7 St Paul's Street Leeds LS1 2JG
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Swarthmore Education Centre Company Limited by Guarantee

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

year ended 31st July 2018

Structure, governance and management

Governing Document

Swarthmore is an incorporated company limited by guarantee and the company's Memorandum and Articles of Association are the legal framework upon which our governance is based. It is a registered charity with the Charity Commission. Anyone over the age of 18 can become a member of Swarthmore and there are currently 148 registered.

Appointment of trustees

As set out in the Articles of Association the chair of the trustees is nominated by the Trustee Council. Up to 13 members of the Trustee Council 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 Trustee Council 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 Trustee Council retire at the Annual General Meeting and, being eligible, offer themselves for re-election.

Trustee induction and training

New trustees are given an induction pack and inducted by the Chair of Trustees and other members of the Council. Trustees are encouraged to attend appropriate external training events where these will facilitate the undertaking of their role.

Organisation

The Trustee Council, administers the charity. The Council meets monthly and there are three sub committees covering HR, Health and Safety and Finance who also meet monthly. A Chief Executive is appointed by the Trustees to manage the day to day operations of the charity. To facilitate effective operations, the Chief Executive has delegated authority, within terms of delegation approved by the Trustees, for operational matters including finance, employment and the activities of the Centre.

Our purposes and activities

The purposes of the charity are:

- To provide a learning community for personal development and social activity for those who may have been excluded from mainstream educational opportunities
- To provide opportunities and activities for the benefit of the community based on the recognition of human personality in all people

The vision that shapes our annual activities remains the promotion of education, encouragement to participate through friendly learning whilst ensuring equality of opportunity for all. The charity also has the general aim of contributing to the quality of life of the people of Leeds by expanding their horizons through the provision of exciting, challenging and accessible professional and community courses and events.

In shaping our objectives for the year and planning our activities, the trustees have considered the Charity Commission's guidance on public benefit, including the guidance "public benefit: running a charity (PB2)". Swarthmore relies on a combination of public funding and the income from fees and charges to cover its operating costs. Affordability and access to our courses and activities is important to us and is reflected in our pricing policy set out in detail later in this report. We endeavour to encourage all within our community to take part in our activities and to attend our café and/or to view our exhibitions. The courses we provide are to be enjoyed by all from those young adults attending our full time study programme or our supported adult classes through to our evening classes for working adults and those seeking work.

The strategies employed to achieve the charity's aims and objectives are to:

- Deliver a broad range of courses, events and exhibitions for the enjoyment and education of our local community;
- Offer opportunities for a broad range of adults to get involved in education, developing their confidence, self esteem, digital skills, knowledge and understanding;
- Provide facilities for like minded organisations to hold meetings, give talks and events at discounted rates for hire of space;
- Provide facilities for our students, staff and members of the public to eat and socialise in our Café at affordable prices for all of our community;
- Provide affordable childcare for pre-school children to enable their parents/carers to access courses
- Provide information, advice and guidance to help them prepare for their next steps to education, employment and volunteering.

Putting these strategies into action we have five major areas of activity which are: educational programmes; hire of facilities, café, crèche and information, advice and guidance.

Swarthmore Education Centre

Company Limited by Guarantee

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

year ended 31st July 2018

Educational programmes

We offer an extensive range of courses in the Arts, Languages, Health and Wellbeing, Maths, English and ICT. These range in level from entry to level 3, accredited and non accredited, short and year long courses. We work with partners to deliver courses and activities out in the community to reach groups of people that would not normally access the Centre. We also provide a full time study programme to young adults with learning difficulties who develop skills to improve their independence and support them to progress to further learning, work or volunteering opportunities.

Hire of facilities

The Centre has a number of rooms for hire ranging from small meeting rooms to our large hall and art studios. We provide these facilities at discounted rates for charities and community groups so they can hold meetings, events and courses. The Centre is utilised by occasional users as well as long established groups, such as Leeds Peoples Choir and Gay Abandon who now organise themselves independently.

Café

The café is the social hub of the centre and is a valuable resource to students, members of the public and staff. It also provides an environment for exhibitions of our work.

Creche

The crèche provides registered childcare in a lively, safe and stimulating environment for pre-school children. This activity produces the least income but is of equal importance to the Centre as it allows adults to return to learning who would otherwise not afford private childcare.

Information, advice and guidance (IAG)

We have been delivering high quality, impartial and free IAG to adults through the National Careers Service for over 10 years. Our expert advisors, who are well known in Leeds provide a friendly, supportive environment that assists adults in making informed choices about their learning, employment and skills.

Achievements and performance

The number of students who enrolled onto a course at Swarthmore in 2017/18 was 1795 which is line with 2016/17 (1807). The number of courses delivered increased to 351 from 328 in 16/17.

100% of students achieved their goals on non-accredited courses

75% of students on accredited courses were retained and successfully achieved their course, this was a decline on 16/17 of 7% and is an area which will be improved in 2018/19.

13 students left our study programme this year and all were successful in progressing to a positive destination. 6 moved to a Supported Internship, 2 moved to further learning, 3 progressed into a job and 2 moved into independent living. This is a great achievement and shows that our programme prepares the students well for their next step.

Students in the Arts with learning difficulties/disabilities took part in the Beyond Arts Festival in July this year showcasing their art and craft work. Creative Writing students took part in the first Open Mic night in May at Swarthmore, sharing their poetry and short stories.

It is a great honour that Swarthmore received a Rainbow plaque was part of the Pride City Trail in August and September this year. We were nominated by the public "due to its importance as a safe and supportive meeting place for the LGBT+ community since the 1970's, and as one of the first meeting place for the Committee for Homosexual Equality." We very proudly display our plaque outside the front entrance.

Student satisfaction remains very high with 97% of students stating their course was excellent or good and 95% would recommend the course to others.

The study programme was inspected by Ofsted in November 2017 and maintained its grade 2, Good. The Creche also maintained its compliant status in their Ofsted inspection in December 2017.

Swarthmore Education Centre

Company Limited by Guarantee

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

Financial Review

Swarthmore Education Centre moved from a small surplus of £3,928 in 2016/17 to a deficit of £92,585 in 2017/18

The principal sources of income to the Centre were:

- Student Fees of £213,713
- Adult Education Budget of £168,767
- ESFA Funding for the Study Programme of £475,681
- Leeds City Council funding of £429,982

The AEB Budget figure is significantly lower than in previous periods, as the contract was in run-off in 2017/18 before being withdrawn entirely in the year 2018/19. This has resulted in fewer accredited courses being delivered and increased financial pressure on the centre.

The support of our partners continues to be essential to maintaining such a varied programme of courses, including Maths, English, a wide variety of arts, computing, health & wellbeing, languages and counselling.

The full time Study Programme continues to be successful, with student numbers reaching capacity for the Centre.

The Centre offers room hire to external customers providing additional revenue from rooms that are not being used for our own courses. This helps to support a number of student support services such as IAG and a Crèche. However, room hire income reduced significantly due to the resignation of the Room Booking Co-ordinator in January 2018 and this role was not replaced until July 2018.

The Café continues to make a loss however, a review of the café has been undertaken, and a range of improvements are planned for the next academic year, including an updated menu with new coffee machine and a review of all costs and prices.

Due to the loss of SFA funding via Open Door, Swarthmore has explored and continues to, for alternative funding opportunities. Entering into a subcontract with Leeds City College as well as increasing its provision of self financing courses and expanding the provision funded by Leeds City Council.

There has been some major capital expenditure during the year including the replacement of the art studio roof, implementation of electronic signing in system for staff and visitors, 24 new laptops and Genee Screen, kitchen facilities in the study programme area and further IT security software to ensure our systems are compliant with current requirements.

To assist in improving the Centre's financial position a strategic financial review was carried out by Sagars Accountants in May 2018 which has identified a number of areas to review and make changes including the café, creche, implement income and expenditure controls and systems, improve management information and reporting, premises and tutor utilisation. The results of the review are now being actioned and the impact will be seen in 2018/19.

Our Pricing Policy

Our pricing policy reflects our strategy of enabling all within our community, whatever their means, to take part in our courses and activities.

- Self financing courses range from £45 for 8 hours up to £955 for 90 hours
- Concessions are offered against the full cost, allowing those in receipt of State Pension, Disability Allowance or Full time students a discount of 25% against course fees.
- Those receiving other qualifying benefits may receive a discount of 50% against course fees
- In addition to Self Financing courses, Swarthmore offers a range of courses funded by Leeds City Council, leading to a significantly lower cost to students, with the highest rate being charged at £3 per hour down to free of charge to the student, if they qualify for certain benefits.

Room Hire charges are similarly tiered:

- Full price rooms varying from £17 to £32 per hour
- Charity rates varying from £12.50 to £27.00 per hour
- Community rates varying from £10 to £21 per hour

This structure allows us to meet our charitable purpose of serving the community, while ensuring that a fair price is charged to different types of organisation.

It is the aim of Swarthmore to set prices that are affordable enough to attract sufficient students to attend courses, while ensuring that enough revenue is generated to make the courses viable. We believe that our courses are exceptional value for money, and it has been agreed that there will be an increase in all course fees of 10% for the next academic year.

Swarthmore Education Centre

Company Limited by Guarantee

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

Reserves Policy and Going Concern

Reserves are needed to bridge the gap between the spending and receiving of income and to cover unplanned emergency repairs and other expenditure. The trustees consider three months of expenditure to be the ideal level of reserves. Based on our current operations, monthly expenditure is estimated to be around £120,000, meaning the reserves to be held at 31st July should exceed £360,000. Current free reserves stand at £224,742, backed up by Fixed Assets of £1,255,842, total unrestricted funds of £1,467,747. This indicates a deficit of £135,258 in current reserves. Although the trustees acknowledge the policy, it has been recognised that there are urgent repairs and maintenance to be undertaken and have approved a schedule of projects to be undertaken during 2018/19.

The cash outflows of £82,299 from the operating activities of the charity reflect the restricted levels of funding against increases in wages and operating costs. The trustees are aware of the shortfall in free reserves, and continue to face financial pressure in the year ahead. The trustees have been working closely with the new Director to devise a workable plan to reverse the 2017/18 results and work toward rebuilding reserves while committed to the schedule of projects that will take place in 2018/19.

Plans for future periods

The Charity has taken action to address the financial position; it has secured contracts for funding, two of which have been increased, student enrolments have risen at the start of the year and a budget has been set for 2018/19 which shows an improvement in the financial position.

A major concern for Swarthmore will be the on going financial sustainability given the forthcoming changes in funding allocations due to Devolution and the continued reduction in public funding.

Significant investment is required in the Grade 2 listed building and a 5 year buildings priority schedule has been compiled and is being monitored by the Trustees.

We continue to strengthen our links with the community, external partners and our customers.

Our volunteers

Swarthmore is fortunate to have a number of volunteers, who are or have been, students at the Centre. Volunteers provide a counselling service for staff and students, valuable in class support to students and they also help maintain our roof terrace plants and flowers for all to enjoy.

Related parties and co-operation with other organisations

None of our trustees receive remuneration or other benefit from their work with the charity. Any connection between a trustee or senior manager of the charity with any contractual organisation must be disclosed to the full Trustee Council. In the current year no such related party transactions were reported.

Risk Management

Financial sustainability is the major financial risk for the charity. A key element in the management of financial risk is a regular review of available liquid funds to settle debts as they fall due and active management of trade debtors and creditors balances to ensure sufficient working capital by the charity. Attention has also been focussed on implementing systems and procedures to mitigate financial risks where possible.

Attention has also been focussed on managing the risk of not providing high quality teaching, learning and assessment to all our students. These risks are managed by ensuring we recruit the right tutors and learning support assistants, providing support and training and having policies and procedures in place to quality assure our provision.

Fundraising activities

The Charity does not use any professional fundraiser or commercial participator to carry out activities on the Charity's behalf. Due to the low level of fundraising the Charity undertakes, the Charity is not a participator of any voluntary scheme for regulating fundraising, or any voluntary standard of fundraising for the activities carried out on behalf of the Charity.

Swarthmore Education Centre

Company Limited by Guarantee

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

year ended 31st July 2018

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.

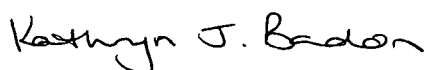
The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Companies 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 29th October 2018 and signed on behalf of the board of trustees by:



Ms K J Badon
Trustee

Swarthmore Education Centre

Company Limited by Guarantee

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

year ended 31st July 2018

Opinion

We have audited the financial statements of Swarthmore Education Centre (the 'charity') for the year ended 31st July 2018 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).

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31st July 2018 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.

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.

Swarthmore Education Centre

Company Limited by Guarantee

Independent auditor's report to the members of Swarthmore Education Centre *(continued)* year ended 31st July 2018

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.

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.

Swarthmore Education Centre

Company Limited by Guarantee

Independent auditor's report to the members of Swarthmore Education Centre *(continued)* year ended 31st July 2018

- 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.

Use of our report

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.



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

29th October 2018

Swarthmore Education Centre

Company Limited by Guarantee

Statement of financial activities (including income and expenditure account)

year ended 31st July 2018

		2018			2017 (restated)
	Note	Unrestricted funds £	Restricted funds £	Total funds £	Total funds £
Income and endowments					
Donations and legacies	5	4,527	–	4,527	2,493
Charitable activities	6	1,328,153	16,919	1,345,072	1,376,443
Other trading activities	7	132,768	–	132,768	141,553
Investment income	8	–	–	–	144
Other income	9	9,729	–	9,729	12,348
Total income		<u>1,475,177</u>	<u>16,919</u>	<u>1,492,096</u>	<u>1,532,981</u>
Expenditure					
Expenditure on raising funds:					
Costs of other trading activities	10	110,992	–	110,992	106,515
Expenditure on charitable activities	11,12	1,469,390	4,299	1,473,689	1,422,538
Total expenditure		<u>1,580,382</u>	<u>4,299</u>	<u>1,584,681</u>	<u>1,529,053</u>
Net (expenditure)/income and net movement in funds		<u>(105,205)</u>	<u>12,620</u>	<u>(92,585)</u>	<u>3,928</u>
Reconciliation of funds					
Total funds brought forward		<u>1,572,952</u>	<u>11,359</u>	<u>1,584,311</u>	<u>1,580,383</u>
Total funds carried forward		<u>1,467,747</u>	<u>23,979</u>	<u>1,491,726</u>	<u>1,584,311</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 13 to 21 form part of these financial statements.

Swarthmore Education Centre

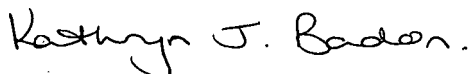
Company Limited by Guarantee

Statement of financial position

31st July 2018

		2018	2017
	Note	£	(restated) £
Fixed assets			
Tangible fixed assets	18	1,268,531	1,297,989
Current assets			
Debtors	19	213,374	144,841
Cash at bank and in hand		228,102	352,763
		<u>441,476</u>	<u>497,604</u>
Creditors: Amounts falling due within one year	20	<u>205,444</u>	<u>211,282</u>
Net current assets		<u>236,032</u>	<u>286,322</u>
Total assets less current liabilities		<u>1,504,563</u>	<u>1,584,311</u>
Creditors: Amounts falling due after more than one year	21	<u>12,837</u>	<u>-</u>
Net assets		<u>1,491,726</u>	<u>1,584,311</u>
Funds of the charity			
Restricted funds		23,979	11,359
Unrestricted funds		<u>1,467,747</u>	<u>1,572,952</u>
Total charity funds	23	<u>1,491,726</u>	<u>1,584,311</u>

These financial statements were approved by the board of trustees and authorised for issue on 29th October 2018, and are signed on behalf of the board by:



Ms K J Badon

Trustee

Company registration number: 04527579

The notes on pages 13 to 21 form part of these financial statements.

Swarthmore Education Centre
Company Limited by Guarantee
Statement of cash flows
year ended 31st July 2018

		2018	2017
	Note	£	£
Cash generated from operations	27	(82,299)	105,429
Interest received		—	144
Net cash (used in)/from operating activities		<u>(82,299)</u>	<u>105,573</u>
Cash flows from investing activities			
Purchase of tangible assets		<u>(42,362)</u>	<u>(60,821)</u>
Net cash used in investing activities		<u>(42,362)</u>	<u>(60,821)</u>
Net (decrease)/increase in cash and cash equivalents		(124,661)	44,752
Cash and cash equivalents at beginning of year		<u>352,763</u>	<u>308,011</u>
Cash and cash equivalents at end of year		<u>228,102</u>	<u>352,763</u>

The notes on pages 13 to 21 form part of these financial statements.

Swarthmore Education Centre

Company Limited by Guarantee

Notes to the financial statements

year ended 31st July 2018

1. General information

The charity is a public benefit entity and 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 UK 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

As shown in the statement of financial activities there was a significant loss in the year, the Trustees have taken action to address the financial position; it has secured contracts for funding, two of which have been increased, student enrolments have risen at the start of the year and a budget has been set for 2018/19 which shows an improvement in the financial position.

As a result the board is happy that there are no material uncertainties about the charity's ability to continue.

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.

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.

Swarthmore Education Centre

Company Limited by Guarantee

Notes to the financial statements *(continued)*

year ended 31st July 2018

3. Accounting policies *(continued)*

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.

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.

Swarthmore Education Centre

Company Limited by Guarantee

Notes to the financial statements (continued)

year ended 31st July 2018

3. Accounting policies (continued)

Impairment of fixed assets (continued)

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.

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 £	Total Funds 2018 £	Unrestricted Funds £	Total Funds 2017 £
Donations				
Donations	<u>4,527</u>	<u>4,527</u>	<u>2,493</u>	<u>2,493</u>

6. Income from charitable activities

	Unrestricted Funds £	Restricted Funds £	Total Funds 2018 £
Skills Funding Agency (via Open Door)	168,767	–	168,767
Leeds City Council Adult learning	236,825	16,919	253,744
Leeds City Council Additional learning support	176,238	–	176,238
Other Grants	–	–	–
Student fees	213,713	–	213,713
Membership fees	14,484	–	14,484
Sale of educational materials	5,989	–	5,989
Education Funding Agency	475,681	–	475,681
Careers West Yorkshire	36,456	–	36,456
	<u>1,328,153</u>	<u>16,919</u>	<u>1,345,072</u>

Swarthmore Education Centre

Company Limited by Guarantee

Notes to the financial statements (continued)

year ended 31st July 2018

6. Charitable activities (continued)

	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>

7. Other trading activities

	Unrestricted Funds £	Total Funds 2018 £	Unrestricted Funds £	Total Funds 2017 £
Cafe income	48,902	48,902	50,894	50,894
Rental income	83,866	83,866	90,659	90,659
	<u>132,768</u>	<u>132,768</u>	<u>141,553</u>	<u>141,553</u>

8. Investment income

	Unrestricted Funds £	Total Funds 2018 £	Unrestricted Funds £	Total Funds 2017 £
Bank interest receivable	—	—	144	144

9. Other income

	Unrestricted Funds £	Total Funds 2018 £	Unrestricted Funds £	Total Funds 2017 £
Miscellaneous income	9,729	9,729	12,348	12,348

10. Costs of other trading activities

	Unrestricted Funds £	Total Funds 2018 £	Unrestricted Funds £	Total Funds 2017 £
Cafe - purchases	25,593	25,593	26,284	26,284
Cafe - wages and salaries	47,943	47,943	47,124	47,124
Cafe - other expenditure	4,109	4,109	3,479	3,479
Rental - wages	13,829	13,829	13,105	13,105
Rental - other expenditure	19,518	19,518	16,523	16,523
	<u>110,992</u>	<u>110,992</u>	<u>106,515</u>	<u>106,515</u>

Swarthmore Education Centre

Company Limited by Guarantee

Notes to the financial statements *(continued)*

year ended 31st July 2018

11. Expenditure on charitable activities by fund type

	Unrestricted Funds	Restricted Funds	Total Funds 2018
	£	£	£
Courses	1,048,459	–	1,048,459
Creche	13,071	–	13,071
Support costs	407,860	4,299	412,159
	<u>1,469,390</u>	<u>4,299</u>	<u>1,473,689</u>
	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>

12. Expenditure on charitable activities by activity type

	Activities undertaken directly	Support costs	Total funds 2018	Total fund 2017
	£	£	£	£
Courses	1,048,459	355,134	1,403,593	1,364,894
Creche	13,071	3,710	16,781	20,764
Governance costs	–	53,314	53,314	36,880
	<u>1,061,530</u>	<u>412,158</u>	<u>1,473,688</u>	<u>1,422,538</u>

13. Analysis of support costs

	Courses	Creche	Governance	Total 2018	Total 2017
	£	£	£	£	£
Staff costs	188,486	1,457	27,101	217,044	215,787
Premises	77,043	2,054	–	79,097	63,925
Communications and IT	3,045	138	–	3,183	2,909
General office	10,268	61	9,443	19,772	16,284
Depreciation	71,820	–	–	71,820	74,818
Legal and professional fees	4,472	–	16,770	21,242	9,420
	<u>355,134</u>	<u>3,710</u>	<u>53,314</u>	<u>412,158</u>	<u>383,143</u>

14. Net (expenditure)/income

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

	2018	2017
	£	£
Depreciation of tangible fixed assets	<u>71,820</u>	<u>74,818</u>

Swarthmore Education Centre

Company Limited by Guarantee

Notes to the financial statements (continued)

year ended 31st July 2018

15. Auditors remuneration

	2018 £	2017 £
Fees payable for the audit of the financial statements	6,090	5,820
Fees payable for non-audit services	<u>10,680</u>	<u>3,600</u>

16. Staff costs

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

	2018 £	2017 £
Wages and salaries	<u>1,147,247</u>	<u>1,057,145</u>

The average head count of employees during the year was 90 (2017: 78).

No employee received employee benefits of more than £60,000 during the year (2017: 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 £231,977 (2017:£187,622).

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 2017	1,326,563	179,739	487,026	1,993,328
Additions	<u>8,734</u>	<u>8,397</u>	<u>25,231</u>	<u>42,362</u>
At 31st July 2018	<u>1,335,297</u>	<u>188,136</u>	<u>512,257</u>	<u>2,035,690</u>
Depreciation				
At 1st August 2017	344,015	16,060	335,264	695,339
Charge for the year	<u>27,000</u>	<u>3,600</u>	<u>41,220</u>	<u>71,820</u>
At 31st July 2018	<u>371,015</u>	<u>19,660</u>	<u>376,484</u>	<u>767,159</u>
Carrying amount				
At 31st July 2018	<u>964,282</u>	<u>168,476</u>	<u>135,773</u>	<u>1,268,531</u>
At 31st July 2017	<u>982,548</u>	<u>163,679</u>	<u>151,762</u>	<u>1,297,989</u>

Swarthmore Education Centre

Company Limited by Guarantee

Notes to the financial statements *(continued)*

year ended 31st July 2018

19. Debtors

	2018	2017 <i>(restated)</i>
	£	£
Trade debtors	129,278	119,070
Prepayments and accrued income	84,096	25,771
	<u>213,374</u>	<u>144,841</u>

20. Creditors: Amounts falling due within one year

	2018	2017
	£	£
Trade creditors	83,475	54,505
Accruals and deferred income	101,129	126,520
Social security and other taxes	18,240	24,250
Other creditors	2,600	6,007
	<u>205,444</u>	<u>211,282</u>

21. Creditors: Amounts falling due after more than one year

	2018	2017
	£	£
Trade creditors	<u>12,837</u>	<u>-</u>

22. Deferred income

	2018	2017
	£	£
At 1st August 2017	67,511	56,409
Amount released to income	(67,511)	(56,409)
Amount deferred in year	46,036	67,511
At 31st July 2018	<u>46,036</u>	<u>67,511</u>

23. Analysis of charitable funds

Unrestricted funds

	At 1st August 2017 <i>(restated)</i>	Income	Expenditure	Transfers	At 31st July 2018
	£	£	£	£	£
Unrestricted Income Fund	426,725	1,475,177	(1,549,782)	(17,131)	334,989
Unrestricted Property Fund	1,146,227	-	(30,600)	17,131	1,132,758
	<u>1,572,952</u>	<u>1,475,177</u>	<u>(1,580,382)</u>	<u>-</u>	<u>1,467,747</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 2018

23. Analysis of charitable funds (continued)

Restricted funds

	At 1st August 2017	Income	Expenditure	At 31st July 2018
	£	£	£	£
UK Online	9,268	–	–	9,268
Lift fund	2,091	–	–	2,091
Leeds City Council Adult learning funding	–	16,919	(4,299)	12,620
	<u>11,359</u>	<u>16,919</u>	<u>(4,299)</u>	<u>23,979</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 2017 the balance brought forward was £2,091, there were no transactions in the year and the closing balance of £2,091.

UK Online is a grant from the Tinder Foundation to support specific programmes of digital inclusion activity. In the year ended 31st July 2017 the balance brought forward was £9,268, there were no transaction in the year and the closing balance of £9,268.

Leeds City Council Adult learning funding was a grant received to purchase equipment to support Adult learning delivery.

24. Analysis of net assets between funds

	Unrestricted Funds	Restricted Funds	Total Funds 2018	Total Funds 2017 (restated)
	£	£	£	£
Tangible fixed assets	1,255,842	12,689	1,268,531	1,297,989
Current assets	430,186	11,290	441,476	497,604
Creditors less than 1 year	(205,444)	–	(205,444)	(211,282)
Creditors greater than 1 year	(12,837)	–	(12,837)	–
Net assets	<u>1,467,747</u>	<u>23,979</u>	<u>1,491,726</u>	<u>1,584,311</u>

The restricted funds in the year ended 31st July 2017 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.

25. Financial instruments

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

	2018	2017 (restated)
	£	£
Financial assets measured at fair value through income and expenditure		
Financial assets measured at fair value through income and expenditure	<u>369,720</u>	<u>471,833</u>
Financial liabilities measured at fair value through income and expenditure		
Financial liabilities measured at fair value through income and expenditure	<u>200,319</u>	<u>211,282</u>

26. Prior year adjustments

During the year it was discovered that ESFA income has been recognised a month early in the prior years financial statements. As a result a prior year adjustment has been made to the financial statements resulting in a reduction to the opening balance of unrestricted funds at 1 August 2016 of £55,287 and a corresponding reduction in the trade debtors balance at 31 July 2017. There has been no impact on the comparative net income and net movement in funds.

Swarthmore Education Centre

Company Limited by Guarantee

Notes to the financial statements *(continued)*

year ended 31st July 2018

27. Cash generated from operations

	2018	2017
	£	(restated)
	£	£
Net (expenditure)/income	(92,585)	3,928
<i>Adjustments for:</i>		
Depreciation of tangible fixed assets	71,820	74,818
Other interest receivable and similar income	–	(144)
<i>Changes in:</i>		
Trade and other debtors	(68,533)	3,216
Trade and other creditors	6,999	23,611
	<u>(82,299)</u>	<u>105,429</u>

28. Operating lease commitments

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

	2018	2017
	£	£
Later than 1 year and not later than 5 years	<u>25,481</u>	<u>19,907</u>