

Company Number: 06724508
Charity Number: 1139447

AREA 51 EDUCATION LIMITED

Report and Accounts

for the year ended 31 March 2015

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AREA 51 EDUCATION LIMITED

Report and Accounts

for the year ended 31 March 2015

INDEX

Page Number

| | |
|---------|--------------------------------------|
| 1 to 3 | Trustees' (Directors') Annual Report |
| 4 | Auditors' Report |
| 5 | Statement of Financial Activities |
| 6 | Balance Sheet |
| 7 to 13 | Notes forming part of the Accounts |

The following pages do not form part of the statutory accounts:

| | |
|-----------|---|
| 14 and 15 | Detailed Income and Expenditure Account |
|-----------|---|

AREA 51 EDUCATION LIMITED

Company Information

Company Number: 06724508

Charities Number: 1139447

Registered Office

1 Mallard Place
Coburg Road
London
N22 6TS

Trustees

Dr M Griffiths – Chairman and Secretary
Ms A Masson – Treasurer

Senior Staff

Miss N Quarterman

Auditors

Dickinsons Chartered Accountants
Enterprise House
Beeson's Yard
Bury Lane
Rickmansworth
Hertfordshire
WD3 1DS

Bankers

National Westminster Bank Plc
PO Box 4115
Essex
RM12 4DF

AREA 51 EDUCATION LIMITED

Trustees' (Directors') Annual Report

for the year ended 31 March 2015

Trustees' Annual Report

The trustees submit their report together with the audited accounts for the year ended 31 March 2015.

The accounts have been prepared in accordance with the Companies Act 2006, the Statement of Recommended Practice Accounting and Reporting by Charities and applicable accounting standards. This report is also a directors' report as required by the Companies Act 2006, as all trustees are directors.

Structure, Governance and Management

The charity is constituted as a company, limited by guarantee, it does not have any share capital and it is governed by its Memorandum and Articles of Association.

The management of the charity is the responsibility of the trustees who are also appointed Directors of the company. New trustees are appointed on the recommendation of existing trustees and who are deemed to have appropriate experience and knowledge for the role.

There are no formal procedures for inducting new trustees, however, any new trustee appointed would be practically aware of the work undertaken by the Charity and support is always provided by the founding trustees.

Details of related party transactions, where applicable, can be found in the notes to the accounts.

The day to day running of the charity is undertaken by a senior staff member, Miss N Quarterman. Trustees meet on a regular basis to discuss performance and set targets for longer term goals.

Objectives and Activities

Area 51 Education Limited is a charitable organisation whose aims are:

1. To advance the education of people with learning difficulties and disabilities in the development of functional skills for life and work.
2. The elimination of discrimination on the basis of learning and/or physical disability.
3. The promotion of social inclusion among people with learning and/or physical disabilities and their families who are socially excluded from society or part of society as a result of their disabilities by:
 - i) Raising public awareness of the issues affecting people with learning and/or physical disabilities and their families, and;
 - ii) Providing a positive model for continuing education for people with learning and/or physical disabilities after compulsory school-leaving age.
4. To advance in life and help young people with learning and/or physical disabilities through providing support and activities which develop their skills, capacities and capabilities to enable them to participate in society as independent, mature and responsible individuals.
5. To act as a resource for people with learning and/or physical disabilities living in the area of London by providing advice and assistance and organising programmes of physical, education and other activities by advancing education and relieving unemployment.
6. Providing recreational and leisure time activity in the interests of social welfare for people living within the area of benefit who have need by reason of their age, infirmity or disability, poverty or social and economic circumstances with a view to improving the conditions of life of such persons.
7. To promote the social and economic inclusion, for the public benefit, of people with learning and/or physical disabilities who are excluded as a result of their disability by providing opportunities for the development of employment in social enterprise companies.

AREA 51 EDUCATION LIMITED

Trustees' (Directors') Annual Report

for the year ended 31 March 2015

In shaping our objectives and planning our activities, the trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit and have complied with section 4 of the Charities Act 2011.

The trustees consider that the charity exists for the purpose of the local public benefit within the North London Boroughs of Haringey, Hackney, Tower Hamlets, Enfield, Barnet, Waltham Forest, Islington and Camden.

Risk Assessment

In order to comply with the Statement of Recommended Practice for Charity Accounts (SORP 2005) a review of the major risks to which the charity is exposed and the systems that have to be established to mitigate those risks has been carried out. The review considered external factors and procedures that have been put in place to rectify those areas of potential vulnerability. These are monitored on an ongoing basis.

Achievements and Performance

In 2014-15, the Charity expanded again, increasing the number of learners enrolled to 51 and the staff and team to 44 following a major review of the curricula offered to enrolled learners was undertaken and some substantial changes to the way in which education is delivered to our learners were introduced during the prior year.

Several young people completed successful work placements during the year and the Charity has continued its participation in a national programme led by another Independent Specialist College to further increase the number of young people with severe learning disabilities able to access work placements.

Future Developments and Strategies

In the next 12 months, the trustees anticipate a significant rise in new applicants and fewer learners leaving the Charity's services. There will be a need to identify alternative premises as soon as possible.

Financial Review

The Statement of Financial Activities for the year is set out on page 5 of the accounts.

Funds spent creating new classrooms last year have allowed the Charity to increase its capacity and utilise the space available. Income from full time courses has remained fairly consistent at £673,386 (2014: £679,514).

Owing to its status as an Independent Specialist Provider, the charity received grants from the Education Funding Agency during the year amounting to £497,720 (2014: £361,978).

Costs have increased in the year mainly in relation to staff, which is the charity's core cost in meeting its objectives; these have increased from £647,050 in the prior year to £891,045 this year.

The results show a deficit for the year of £105,206 (2014: £5,260).

Statement of Trustees' Responsibilities

Company law requires the trustees, to prepare accounts for each financial year, which give a true and fair view of the state of affairs of the company and of the deficit for that year. In preparing those accounts the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles of the Charities SORP;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- Prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

AREA 51 EDUCATION LIMITED

Trustees' (Directors') Annual Report

for the year ended 31 March 2015

The trustees are responsible for keeping proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the company and to enable them to ensure the accounts have been properly prepared in accordance with the provisions of the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

So far as the trustees' are aware, there is no relevant audit information of which the company's auditors are unaware and they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Legal and Administrative Information

The company is limited by guarantee and has no share capital.

Under the provisions of the company's memorandum of association, each member would be required to contribute a sum not exceeding £1 for the payment of the debts of the company in the event of a deficiency of assets on a winding up of the company.

The company is a registered charity under the Charities Act 2011 with registration number 1139447.

Reserves Policy

The Trustees have established a policy to maintain a level of reserves sufficient to secure a mortgage on a suitable, long term premises.

Trustees and Directors

The trustees, and also directors, who served during the year were as follows:

Mr R Iddon (Deceased 5 May 2014)
Dr M Griffiths
Ms A Masson

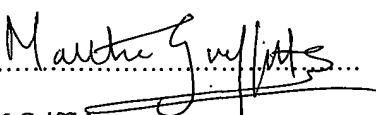
Auditors

The Auditors, Dickinsons Chartered Accountants have indicated that they are willing to be reappointed at the forthcoming Annual General Meeting.

Exemption Statement

The accounts have been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006

By Order of the Board:


.....

Dr M Griffiths
Trustee and Director

Date: 26th Oct 2015..

AREA 51 EDUCATION LIMITED

Auditors' Report to the Trustees

for the year ended 31 March 2015

We have audited the accounts of Area 51 Education Limited for the year ended 31 March 2015 set out on pages 5 to 13. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

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

Respective responsibilities of director and auditors

As explained more fully in the Trustees' Responsibilities Statement set out on pages 2 and 3, the directors are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the accounts in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the accounts

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

Opinion on accounts

In our opinion the accounts:

- give a true and fair view of the state of the company's affairs as at 31 March 2015 and of its deficit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

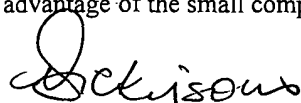
Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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



Natalie Spalton (Senior statutory auditor)
for and on behalf of Dickinsons, Statutory Auditor

Enterprise House
Beeson's Yard
Bury Lane
Rickmansworth
Hertfordshire
WD3 1DS

8 Dec 2015
Date

AREA 51 EDUCATION LIMITED

Statement of Financial Activities

for the year ended 31 March 2015

| | | Unrestricted Funds | Restricted Funds | 2015 Total Funds | 2014 Total Funds |
|---|-------|-----------------------|----------------------|-----------------------|-----------------------|
| | Notes | £ | £ | £ | £ |
| Incoming Resources | | | | | |
| Incoming resources from charitable activities | 4 | 1,171,106 | - | 1,171,106 | 1,041,492 |
| Voluntary income | 5 | 19,251 | 42,554 | 61,805 | 32,809 |
| Investment income | 6 | 781 | - | 781 | 2,085 |
| Total Incoming Resources | | <u>1,191,138</u> | <u>42,554</u> | <u>1,233,692</u> | <u>1,076,386</u> |
| Resources Expended | | | | | |
| Charitable activities | 7 | 1,315,571 | 13,836 | 1,329,407 | 1,070,208 |
| Governance costs | 8 | 5,280 | - | 5,280 | 4,320 |
| Other resources expended | 9 | 4,211 | - | 4,211 | 7,118 |
| Total Resources Expenses | | <u>1,325,062</u> | <u>13,836</u> | <u>1,338,898</u> | <u>1,081,646</u> |
| Net Movement in Funds | 17 | (133,924) | 28,718 | (105,206) | (5,260) |
| Total funds at 1 April 2014 | | 484,205 | 20,693 | 504,898 | 510,158 |
| Total funds at 31 March 2015 | | <u><u>350,281</u></u> | <u><u>49,411</u></u> | <u><u>399,692</u></u> | <u><u>504,898</u></u> |

The notes on pages 7 to 13 form part of these accounts.

Balance Sheet

as at 31 March 2015

| | Notes | 2015 | 2014 |
|--|-------|----------------|----------------|
| | | £ | £ |
| Fixed Assets | | | |
| Tangible fixed assets | 12 | 105,083 | 110,533 |
| Current Assets | | | |
| Debtors | 13 | 441,744 | 242,734 |
| Cash at bank and in hand | | 177,919 | 271,286 |
| | | <u>619,663</u> | <u>514,020</u> |
| Creditors: | | | |
| Amounts falling due within one year | 14 | (297,286) | (85,087) |
| Net current assets | | <u>322,377</u> | <u>428,933</u> |
| Total assets less current liabilities | | <u>427,460</u> | <u>539,466</u> |
| Creditors: | | | |
| Amounts falling due after more than one year | 15 | (27,768) | (34,568) |
| | | <u>399,692</u> | <u>504,898</u> |
| Funds of the Charity | | | |
| Restricted Income Funds | 17 | 49,411 | 20,693 |
| Unrestricted Income Funds | 17 | 350,281 | 484,205 |
| | | <u>399,692</u> | <u>504,898</u> |

These accounts were approved by the board on 26 October 2015

Dr M Griffiths

Dr M Griffiths
Trustee and Director

The notes on pages 7 to 13 form part of these accounts.

AREA 51 EDUCATION LIMITED

Notes forming part of the Accounts

for the year ended 31 March 2015

1 Principal Accounting Policies

Accounting Convention

The accounts have been prepared under the historical cost convention and in accordance with the Companies Act 2006, the Statement of Recommended Practice accounting and Reporting by Charities and applicable accounting standards. The accounts include the results of the company's operations, which are described in the Trustees' Annual Report, all of which are continuing.

Incoming Resources

Total incoming resources as shown in the Statement of Financial Activities when the charity is legally entitled to the income and the amount can be quantified with reasonable accuracy.

Resources Expended

Expenditure is accounted for on an accruals basis, recognised when a liability is incurred, and classified under headings that aggregate all costs related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

Depreciation

Tangible assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost, less estimated residual value of each asset over its expected useful life, as follows:

| | |
|------------------------|------------------------------------|
| Leasehold improvements | -straight line over the lease term |
| Plant and machinery | -25% on written down value |
| Fixtures and fittings | -25% on written down value |
| Motor vehicles | -25% on written down value |

Leases

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

Fund Accounting

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

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

Restricted Funds

Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure which meets these criteria is allocated to the fund.

Pension Contributions

Retirement benefits to the employees of the company are provided by the Teachers' Pension Scheme ('TPS'). This is a defined benefit scheme and the assets are held separately from those of the company.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the company in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in Note 20, the TPS is a multi-employer scheme and the company is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reliable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

2 Ethical Standard - Provisions available for small entities

In common with many other businesses of our size and nature we use our auditors to assist with the preparation of the accounts.

3 Turnover

The turnover and operating deficit for the year was derived from the company's principal activity and arises solely in the United Kingdom.

AREA 51 EDUCATION LIMITED

Notes forming part of the Accounts

for the year ended 31 March 2015

| | | | | | |
|----------|--|-------------------------------|-----------------------------|-----------------------|-----------------------|
| 4 | Incoming resources from charitable activities | Unrestricted Funds | Restricted Funds | Total 2015 | Total 2014 |
| | | £ | £ | £ | £ |
| | Full time courses | 673,386 | - | 673,386 | 679,514 |
| | Education Funding Agency | 497,720 | - | 497,720 | 361,978 |
| | | <u>1,171,106</u> | <u>-</u> | <u>1,171,106</u> | <u>1,041,492</u> |
| 5 | Voluntary income | Unrestricted Funds | Restricted Funds | Total 2015 | Total 2014 |
| | | £ | £ | £ | £ |
| | Donations | <u>19,251</u> | <u>42,554</u> | <u>61,805</u> | <u>32,809</u> |
| 6 | Investment income | Unrestricted Funds | Restricted Funds | Total 2015 | Total 2014 |
| | | £ | £ | £ | £ |
| | Bank interest received | <u>781</u> | <u>-</u> | <u>781</u> | <u>2,085</u> |
| 7 | Charitable activities | Unrestricted Funds | Restricted Funds | Total 2015 | Total 2014 |
| | | £ | £ | £ | £ |
| | Equipment and general purchases | 32,443 | 2,667 | 35,110 | 52,582 |
| | Learner transport | 71,223 | - | 71,223 | 73,123 |
| | Staff costs including employer's NI | 883,045 | 8,000 | 891,045 | 647,050 |
| | Subcontract labour | 112,311 | - | 112,311 | 72,443 |
| | Staff training | 6,787 | - | 6,787 | 8,578 |
| | Rent and service charges | 82,500 | - | 82,500 | 82,500 |
| | Rates | 6,772 | - | 6,772 | 6,427 |
| | Insurance | 13,565 | - | 13,565 | 10,250 |
| | Light and heat | 10,608 | - | 10,608 | 16,095 |
| | Cleaning | 13,580 | - | 13,580 | 13,218 |
| | Repairs and maintenance | 5,003 | - | 5,003 | 23,582 |
| | Printing, postage and stationery | 5,814 | - | 5,814 | 6,926 |
| | Advertising | 1,229 | - | 1,229 | 3,027 |
| | Telephone charges | 2,018 | - | 2,018 | 2,743 |
| | Computer running costs | 1,757 | - | 1,757 | 1,374 |
| | Motor running costs | 6,716 | - | 6,716 | 7,717 |
| | Travelling expenses | 6,469 | - | 6,469 | 949 |
| | Entertaining | 977 | - | 977 | 627 |
| | Legal and professional fees | 2,096 | - | 2,096 | 6,551 |
| | Bad and doubtful debts (recovered)/expense | 29,838 | - | 29,838 | 15,792 |
| | Sundry expenses | 387 | - | 387 | 768 |
| | Charitable donations | 200 | - | 200 | - |
| | Subscriptions | 2,208 | - | 2,208 | 248 |
| | Amortisation of leasehold improvements | 14,442 | 3,169 | 17,611 | 9,120 |
| | Depreciation of plant and machinery | 2,146 | - | 2,146 | 2,185 |
| | Depreciation of fixtures and fittings | 5,968 | - | 5,968 | 4,445 |
| | Depreciation of motor vehicles | 116 | - | 116 | 1,888 |
| | Profit on disposal of fixed assets | (4,647) | - | (4,647) | - |
| | | <u>1,315,571</u> | <u>13,836</u> | <u>1,329,407</u> | <u>1,070,208</u> |

AREA 51 EDUCATION LIMITED

Notes forming part of the Accounts

for the year ended 31 March 2015

| | | | | | |
|-----------|---------------------------------|-------------------------------|-----------------------------|-----------------------|-----------------------|
| 8 | Governance costs | Unrestricted Funds | Restricted Funds | Total 2015 | Total 2014 |
| | | £ | £ | £ | £ |
| | Accountancy charges | 4,080 | - | 4,080 | 3,120 |
| | Audit fee | 1,200 | - | 1,200 | 1,200 |
| | | <u>5,280</u> | <u>-</u> | <u>5,280</u> | <u>4,320</u> |
| 9 | Other resources expended | Unrestricted Funds | Restricted Funds | Total 2015 | Total 2014 |
| | | £ | £ | £ | £ |
| | Bank charges | 2,114 | - | 2,114 | 1,634 |
| | Bank interest | - | - | - | 1,803 |
| | Bank loan interest | 2,097 | - | 2,097 | 2,129 |
| | Hire purchase interest | - | - | - | 1,552 |
| | | <u>4,211</u> | <u>-</u> | <u>4,211</u> | <u>7,118</u> |
| 10 | Staff costs and pensions | Unrestricted Funds | Restricted Funds | Total 2015 | Total 2014 |
| | | £ | £ | £ | £ |
| | Wages and salaries | 810,238 | 8,000 | 818,238 | 597,490 |
| | Employers N.I. contributions | 65,732 | - | 65,732 | 49,560 |
| | Teachers pension contributions | 7,075 | - | 7,075 | - |
| | | <u>883,045</u> | <u>8,000</u> | <u>891,045</u> | <u>647,050</u> |

No employee earned £60,000 or more. The average number of employees was 44 (2014: 33).

Two of the above employees participated in the Teachers' Pension Scheme. During the year ended 31 March 2015, pension contributions for these staff amounted to £7,075 (2014: £Nil).

11 Tax on deficit on ordinary activities

The company is a registered charity and is not liable to corporation tax.

AREA 51 EDUCATION LIMITED

Notes forming part of the Accounts

for the year ended 31 March 2015

| 12 | Tangible fixed assets | Leasehold Improvements £ | Plant and Machinery £ | Fixtures and fittings £ | Motor Vehicles £ | Total £ |
|----|------------------------|--------------------------------|-----------------------------|-------------------------------|------------------------|----------------|
| | Cost | | | | | |
| | At 1 April 2014 | 98,960 | 13,418 | 34,360 | 21,145 | 167,883 |
| | Additions in the year | 13,734 | 2,630 | 9,230 | - | 25,594 |
| | Disposals in the year | - | - | - | (19,250) | (19,250) |
| | At 31 March 2015 | <u>112,694</u> | <u>16,048</u> | <u>43,590</u> | <u>1,895</u> | <u>174,227</u> |
| | Depreciation | | | | | |
| | At 1 April 2014 | 19,228 | 6,599 | 16,043 | 15,480 | 57,350 |
| | Charge for the year | 17,611 | 2,146 | 5,968 | 116 | 25,841 |
| | Eliminated on disposal | - | - | - | (14,047) | (14,047) |
| | At 31 March 2015 | <u>36,839</u> | <u>8,745</u> | <u>22,011</u> | <u>1,549</u> | <u>69,144</u> |
| | Net book value | | | | | |
| | At 31 March 2015 | <u>75,855</u> | <u>7,303</u> | <u>21,579</u> | <u>346</u> | <u>105,083</u> |
| | At 31 March 2014 | <u>79,732</u> | <u>6,819</u> | <u>18,317</u> | <u>5,665</u> | <u>110,533</u> |

Included in the above are assets held under hire purchase contracts as follows:

| | Motor Vehicles £ |
|---|------------------------|
| Net book value | |
| At 31 March 2015 | <u>Nil</u> |
| At 31 March 2014 | <u>Nil</u> |
| Depreciation charge for the year | |
| At 31 March 2015 | <u>Nil</u> |
| At 31 March 2014 | <u>1,734</u> |

| 13 | Debtors | 2015 £ | 2014 £ |
|----|----------------|----------------|----------------|
| | Trade debtors | 387,695 | 183,560 |
| | Other debtors | 34,965 | 31,186 |
| | Prepayments | 19,084 | 18,938 |
| | Accrued income | - | 9,050 |
| | | <u>441,744</u> | <u>242,734</u> |

Other debtors totalling £24,324 (2014: £24,324) are recoverable after more than one year.

AREA 51 EDUCATION LIMITED

Notes forming part of the Accounts

for the year ended 31 March 2015

14 Creditors: Amounts falling due within one year

| | 2015 £ | 2014 £ |
|---------------------------------|----------------|---------------|
| Bank loan instalments (secured) | 6,800 | 6,800 |
| Trade creditors | 933 | 48,956 |
| Taxation and social security | 38,446 | 15,580 |
| Accruals | 4,800 | 4,320 |
| Other creditors | 246,307 | 9,431 |
| | <u>297,286</u> | <u>85,087</u> |

The bank loan is secured by way of a fixed and floating charge over the assets of the company.

15 Creditors: Amounts falling due after more than one year

| | 2015 £ | 2014 £ |
|---|---------------|---------------|
| Bank loan instalments (secured) | <u>27,768</u> | <u>34,568</u> |
| Bank loans repayable by instalments falling due after more than 5 years | <u>567</u> | <u>7,367</u> |

The bank loan is secured by way of a fixed and floating charge over the assets of the company.

16 Financial commitments

At 31 March 2015 the company had annual commitments under non-cancellable operating leases as follows:

| | 2015 £ | Property 2014 £ |
|----------------------------|-----------|-----------------------|
| Expiry date: | | |
| Between two and five years | 82,500 | - |
| Over five years | - | 82,500 |

17 Reserves

| | Balance at 1 April 2014 £ | Movement in the year £ | Balance at 31 March 2015 £ |
|--------------------|------------------------------------|------------------------------|-------------------------------------|
| Unrestricted funds | 484,205 | (133,924) | 350,281 |
| Restricted funds | 20,693 | 28,718 | 49,411 |
| | <u>504,898</u> | <u>(105,206)</u> | <u>399,692</u> |

18 Called up share capital

The company is limited by guarantee and has no share capital. Under the provisions of the company's memorandum of association, each member would be required to contribute a sum not exceeding £1 for the payment of debts of the company in the event of a deficiency of assets on winding up of the company.

19 Control

The charity has been controlled throughout the year by the trustees.

AREA 51 EDUCATION LIMITED

Notes forming part of the Accounts

for the year ended 31 March 2015

20 Pensions

The company's employees belong to a defined benefit scheme, the Teachers' Pension Scheme.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2012.

Contributions amounting to £708 (2014: £Nil) were payable to the scheme at 31 March 2015 and are included within creditors.

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) and, from 1 April 2014 by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers and lecturers and from 1 January 2007 automatic also for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

The Teachers' Pension Budgeting and Valuation Account

Whilst members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and are paid from public funds provided by Parliament. The TPS is an unfunded scheme and members contribute on a "pay as you go" basis - these contributions along with those made by employers are credited to the Exchequer under arrangements governed by the above Act.

The Teachers' Pensions Regulations require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pensions' increases). From 1 April 2001 the Account has been credited with a real rate of return, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

Valuation of the Teachers' Pension Scheme

The latest valuation of the TPS was carried out as at 31 March 2012 in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates at 14.1% (increasing to 16.4% from 1 April 2015) of pensionable pay
- total scheme liabilities for service to the effective date of £191.5 billion, and notional assets of £176.6 billion, giving a notional past service deficit of £14.9 billion; and
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations.

The new employer contribution rate is applicable from 1 April 2015 and will be implemented for the TPS from September 2015.

A copy of the valuation report and supporting documentation is on the Teachers' Pension website.

Actuarial scheme valuations are dependent on assumptions about the value of future costs, the design of benefits and many other factors. Many of these assumptions are being considered as part of the work on the reformed TPS, as set out below. Scheme valuations therefore remain suspended. The Public Service Pensions Bill, which is being debated in the House of Commons, provides for future scheme valuations to be conducted in accordance with Treasury directions. The timing for the next valuation has still to be determined, but it is likely to be before the reformed schemes are introduced in 2015.

Teachers' Pension Scheme Changes

Lord Hutton published his final report in March 2011 and made recommendations about how pensions can be made sustainable and affordable, whilst remaining fair to the workforce and the taxpayer. The Government accepted Lord Hutton's recommendations as the basis for consultation and Ministers engaged in extensive discussions with trade unions and other representative bodies on reform of the TPS. Those discussions concluded on 9 March 2012 and the Department published a Proposed Final Agreement, setting out the design for a reformed TPS to be implemented from 1 April 2015.

AREA 51 EDUCATION LIMITED

Notes forming part of the Accounts

for the year ended 31 March 2015

20 Pensions (continued)

The key provisions of the reformed scheme include: a pension based on career average earnings; an accrual rate of 1/57th; and a Normal Pension Age equal to State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age. Importantly, pension benefits built up before 1 April 2015 will be fully protected.

In addition, the Proposed Final Agreement includes a Government commitment that those within 10 years of Normal Pension Age on 1 April 2012 will see no change to the age at which they can retire, and no decrease in the amount of pension they receive when they retire. There will also be further transitional protection, tapered over a three and a half year period, for people who would fall just outside of the 10 year protection.

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The company is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the company has taken advantage of the exemption in FRS 17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The company has set out above the information available on the scheme.