
AREA 51 EDUCATION LIMITED

Report and Accounts

for the year ended 31 July 2020



AREA 51 EDUCATION LIMITED

Report and Accounts

for the year ended 31 July 2020

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

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AREA 51 EDUCATION LIMITED

Company Information

Company Number: 06724508

Charities Number: 1139447

Registered Office

1 Mallard Place
Coburg Road
London
N22 6TS

Trustees and Directors

Dr M Griffiths – Chairman and Secretary
Mr D Stansell – Treasurer

Senior Staff

Miss N Quarterman

Auditors

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

Bankers

National Westminster Bank Plc
PO Box 4115
Essex
RM12 4DF

Trustees' (Directors') Annual Report

for the year ended 31 July 2020

Trustees' Annual Report

The trustees submit their report together with the audited accounts for the year ended 31 July 2020.

The accounts have been prepared in accordance with the Companies Act 2006, the Charities Act 2011, the memorandum and Articles of Association and Accounting and Reporting by Charities: 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 (FRS 102). 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 July 2020

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.

The trustees have considered the Charity Commission's guidance on public benefit, including the guidance 'public benefit: running a charity (PB2)'.

Risk Assessment

In order to comply with the Statement of Recommended Practice for Charity Accounts (FRS 102) 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 trustees receive regular reports and these are monitored on an ongoing basis at Board Level.

Achievements and Performance

The college has maintained the high standards achieved in its Ofsted report in 2016, undertaking a review of its assessment and recording processes to better reflect the achievements of its students in 2020. The college has developed new partnerships with Richard Cloudesley school to widen the range of opportunities available to its students. Work experience opportunities have been severely impacted over 19/20 due to the impact of the Coronavirus pandemic. Face to face teaching has also been reduced to shield many of our very vulnerable young people. The college has worked hard to develop online learning and remote teaching for its students and has provided additional services such as regular well-being checks for both students and staff.

Future Developments and Strategies

The college has experienced a set back in its plans to develop the premises secured during 2019/20 due to the unexpectedly high costs of re-developing the site to the required standards and changes in the local development plans which are beyond the college's control. However, the lease on the college's current premises has been acquired by the Local Authority, which is expected to provide greater security and further options for alternative premises in the future. Whilst these options are being further explored, the new premises will be sub-let and the college continues to work with the Council and local stakeholders to identify solutions.

The college has plans to develop new provision in partnership with another local provider that will extend the scope of provision to include young people with complex physical disabilities and offer new pathways into work for this cohort. This provision will benefit the college as a whole through the opening up of new employment opportunities for young people with learning disabilities as well as introducing the college to a wider group of stakeholders and beneficiaries. The postponement of the college's move to new premises has enabled the college to focus on developing its adult provision and the pandemic has provided opportunities to explore the provision of online learning for people with learning difficulties, for whom this traditionally had not been offered.

Financial Review

The Statement of Financial Activities for the year is set out on page 7 of the accounts.

Income from full time courses has decreased marginally compared to the prior year at £880,290 for the year ending 31 July 2020 (2019: £938,246). Owing to its status as an Independent Specialist Provider, the charity received grants from the Education Funding Agency during the year amounting to £1,013,641 (2019: £988,044).

Staff costs are the charity's core costs in meeting its objectives; these have increased from £1,166,612 in the prior year to £1,204,089.

A provision of £30,000 remains in the accounts for dilapidation costs on the current premises as it is the intention to relocate in the near future.

The results show a surplus for the year of £64,076 (2019: £107,770).

Statement of Trustees' Responsibilities

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

AREA 51 EDUCATION LIMITED

Trustees' (Directors') Annual Report

for the year ended 31 July 2020

- 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

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

Area 51 Education Limited, also known as The John Dewey Specialist College 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. The Company Number is 06724508.

Reserves Policy

The Trustees have established a policy to maintain reserves at a level sufficient to secure funding for suitable, long term premises when these can be found.

As at 31 July 2020 unrestricted reserves amounted to £564,266 (2019: £509,334) and restricted reserves amounted to £87,783 (2019: £78,639).

Trustees and Directors

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

Dr M Griffiths
Mr D Stansell


Auditors

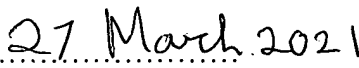
The Auditors, Dickinsons Chartered Accountants have indicated that they are willing to be reappointed at the forthcoming Annual General Meeting.

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

AREA 51 EDUCATION LIMITED

Independent Auditors' Report to the Trustees

for the year ended 31 July 2020

Opinion

We have audited the financial statements of Area 51 Education Ltd for the year ended 31 July 2020 which comprise the Statement of Financial Activities, Balance Sheet, Statement of Cash Flows and the related notes and notes to the financial statements, 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 Financial Reporting Standard 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 company's affairs as at 31 July 2020 and of its surplus 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company 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 the provisions available for small entities, in the circumstances set out in note 3 to the financial statements 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' (who are also directors' of the charitable company for the purpose of company law) use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees' (who are also directors' of the charitable company for the purpose of company law) have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company'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 auditors' 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.

Opinion 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, which includes the directors' report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report included in the trustees' report has been prepared in accordance with applicable legal requirements.

Independent Auditors' Report to the Trustees

for the year ended 31 July 2020

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report included 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 and proper 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; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the trustees' report and from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on pages 2-3, 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 company'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 company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

We have been appointed as auditor under s144 of Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder. 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 auditors' 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 charitable company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the charitable company 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.

AREA 51 EDUCATION LIMITED

Independent Auditors' Report to the Trustees

for the year ended 31 July 2020

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 Charitable 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 the, 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 company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Dominic Cader (Senior statutory auditor)
for and on behalf of Dickinsons, Statutory Auditor

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

21st April 2021

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Date

AREA 51 EDUCATION LIMITED

Statement of Financial Activities

for the year ended 31 July 2020

	Notes	Unrestricted Funds £	Restricted Funds £	2020 Total Funds £	Unrestricted Funds £	Restricted Funds £	2019 Total Funds £
Incoming Resources							
Charitable activities	5	1,883,381	10,550	1,893,931	1,909,895	16,395	1,926,290
Donations	6	3,980	-	3,980	13,257	-	13,257
Investment income	7	484	-	484	482	-	482
Other income	8	50,291	-	50,291	-	-	-
Total Incoming Resources		<u>1,938,136</u>	<u>10,550</u>	<u>1,948,686</u>	<u>1,923,634</u>	<u>16,395</u>	<u>1,940,029</u>
Resources Expended							
Costs of charitable activities	9	1,881,377	1,406	1,882,783	1,826,659	3,274	1,829,933
Other resources expended	10	1,827	-	1,827	2,326	-	2,326
Total Resources Expended		<u>1,883,204</u>	<u>1,406</u>	<u>1,884,610</u>	<u>1,828,985</u>	<u>3,274</u>	<u>1,832,259</u>
Net Movements in Funds		<u>54,932</u>	<u>9,144</u>	<u>64,076</u>	<u>94,649</u>	<u>13,121</u>	<u>107,770</u>
Reconciliation of Funds							
Total Funds at 1 August 2019		509,334	78,639	587,973	414,685	65,518	480,203
Net Movement in Funds		54,932	9,144	64,076	94,649	13,121	107,770
Total Funds at 31 July 2020	18	<u>564,266</u>	<u>87,783</u>	<u>652,049</u>	<u>509,334</u>	<u>78,639</u>	<u>587,973</u>

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure is derived from continuing activities.

The notes on pages 10 to 16 form part of these accounts

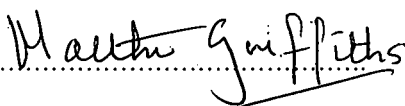
Balance Sheet

Charity Number: 1139447

as at 31 July 2020

	Notes	As at 31 July 2020	As at 31 July 2019
		£	£
Fixed Assets			
Tangible fixed assets	13	21,281	33,629
Current Assets			
Debtors	15	411,697	302,023
Cash at bank and in hand		403,432	369,606
		<u>815,129</u>	<u>671,627</u>
Creditors:			
Amounts falling due within one year	16	(184,361)	(117,285)
Net current assets		<u>630,768</u>	<u>554,344</u>
Total assets less current liabilities		<u>652,049</u>	<u>587,973</u>
Funds of the Charity			
Restricted Income Funds	18	87,783	78,639
Unrestricted Income Funds	18	564,266	509,334
Total funds		<u>652,049</u>	<u>587,973</u>

These accounts were approved by the board on 19 April 2021


 Dr M Griffiths
 Trustee and Director

The notes on pages 10 to 16 form part of these accounts.

AREA 51 EDUCATION LIMITED

Statement of Cash Flows

for the year ended 31 July 2020

	Notes	2020	2019
		£	£
Cash flows from operating activities			
Cash generated by operations	22	41,527	185,036
Interest paid		<u>(213)</u>	<u>(289)</u>
Net cash inflow from operating activities		41,314	184,747
Investing activities			
Purchase of tangible fixed assets		(2,872)	(10,448)
Interest received		<u>484</u>	<u>481</u>
Net cash used in investing activities		(2,388)	(9,967)
Financing activities			
Repayment of bank loans		<u>(5,100)</u>	<u>(6,800)</u>
Net cash used in financing activities		<u>(5,100)</u>	<u>(6,800)</u>
Net increase in cash and cash equivalents		33,826	167,980
Cash and cash equivalents at beginning of year		369,606	201,626
Cash and cash equivalents at end of year	23	<u>403,432</u>	<u>369,606</u>

The notes on pages 10 to 16 form part of these accounts.

1 Principal Accounting Policies

Accounting Convention

The accounts have been prepared under the historical cost convention, the Statement of Recommended Practice accounting and Reporting by Charities in accordance with the Financial Reporting Standard applicable to the UK and Republic of Ireland (FRS 102), the Companies Act 2006, and the Charities Act 2011. The accounts include the results of the charity's operations which are described in the Trustees' Annual Report.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest pound.

The trustees consider that the charity exists for the purpose of the local public benefit as defined in section 4 of the Charities Act 2011.

Going concern

Having considered the current and anticipated economic impact of Coronavirus on the charity's activities the Trustees have adopted the going concern basis of accounting in preparing the financial statements; the Trustees are satisfied the charity has sufficient reserves and access to the financial support necessary to meet working capital requirements and enable the company to remain in operational existence for the foreseeable future.

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.

Basic Financial Assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction cost and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Basic Financial Liabilities

Basic financial liabilities, including creditors and bank loans, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

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

Impairment of Fixed Assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Principal Accounting Policies (continued)

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed, if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Leases

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

Government Grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

Fund Accounting - Unrestricted Funds

Unrestricted funds are those which 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.

Fund Accounting - 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.

Retirement Benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

Employee Benefits

The costs of short-term employee benefits are recognised as a liability and an expense. The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

2 Judgements and key sources of estimation uncertainty

In the application of the charity's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

AREA 51 EDUCATION LIMITED

Notes forming part of the Accounts

for the year ended 31 July 2020

2 Judgements and key sources of estimation uncertainty

Key sources of estimation uncertainty

The estimates and assumptions which have significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows:

Key estimates

Included within other creditors is a provision for dilapidation costs amounting to £30,000 (2019: £30,000). The trustees consider this is a prudent estimate of costs the charity will incur when they are required to vacate the premises. The trustees are not currently aware of when the lease on the premises will be terminated, however communications with the landlord provide reasonable assurance that notice will be served in the next few years.

3 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.

4 Turnover

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

5 Incoming Resources from Charitable Activities

	Unrestricted Funds £	Restricted Funds £	Total 2020 £	Total 2019 £
Full time courses	880,290	-	880,290	938,246
Education Funding Agency	1,003,091	10,550	1,013,641	988,044
	<u>1,883,381</u>	<u>10,550</u>	<u>1,893,931</u>	<u>1,926,290</u>

6 Incoming Resources from Donations

	Unrestricted Funds £	Restricted Funds £	Total 2020 £	Total 2019 £
Donations	3,980	-	3,980	13,257
	<u>3,980</u>	<u>-</u>	<u>3,980</u>	<u>13,257</u>

7 Investment Income

	Unrestricted Funds £	Restricted Funds £	Total 2020 £	Total 2019 £
Bank interest received	484	-	484	482
	<u>484</u>	<u>-</u>	<u>484</u>	<u>482</u>

AREA 51 EDUCATION LIMITED

Notes forming part of the Accounts

for the year ended 31 July 2020

8	Other Income	Unrestricted Funds £	Restricted Funds £	Total 2020 £	Total 2019 £
	Government grant received	10,000	-	10,000	-
	Furlough income	40,291	-	40,291	-
		<u>50,291</u>	<u>-</u>	<u>50,291</u>	<u>-</u>
		=====	=====	=====	=====
9	Costs of Charitable Activities	Unrestricted Funds £	Restricted Funds £	Total 2020 £	Total 2019 £
	Equipment and general purchases	59,790	-	59,790	-70,540
	Learner transport and facilities hire	120,816	-	120,816	115,836
	Staff costs including employer's NI	1,204,089	-	1,204,089	1,166,612
	Subcontract labour	66,679	-	66,679	120,890
	Staff training	29,573	-	29,573	23,662
	Rent and service charges	183,082	-	183,082	133,190
	Rates	21,372	-	21,372	11,937
	Insurance	15,913	-	15,913	16,048
	Light and heat	15,535	-	15,535	14,329
	Cleaning	17,589	-	17,589	20,889
	Repairs and maintenance	17,570	-	17,570	18,329
	Staff recruitment	20,796	-	20,796	4,630
	Printing, postage and stationery	7,974	-	7,974	9,298
	Advertising	774	-	774	755
	Telephone charges	3,579	-	3,579	3,675
	Computer running costs	2,703	-	2,703	6,746
	Hire of equipment	7,336	-	7,336	8,925
	Motor vehicle leasing	8,284	-	8,284	8,419
	Motor running costs	6,938	-	6,938	9,422
	Travelling expenses	4,292	-	4,292	1,739
	Entertaining	3,851	-	3,851	1,446
	Legal and professional fees	17,894	-	17,894	1,542
	Bad and doubtful debts	19,690	-	19,690	27,168
	Sundry expenses	1,056	-	1,056	566
	Accountancy charges	4,380	-	4,380	4,183
	Audit fee	1,680	-	1,680	1,610
	Charitable donations	-	-	-	100
	Subscriptions	4,329	-	4,329	3,499
	Amortisation of leasehold improvements	10,549	-	10,549	18,358
	Depreciation of plant and machinery	1,413	-	1,413	1,444
	Depreciation of fixtures and fittings	1,439	1,406	2,845	3,595
	Depreciation of motor vehicles	412	-	412	551
		<u>1,881,377</u>	<u>1,406</u>	<u>1,882,783</u>	<u>1,829,933</u>
		=====	=====	=====	=====
10	Other Resources Expended	Unrestricted Funds £	Restricted Funds £	Total 2020 £	Total 2019 £
	Bank charges	1,614	-	1,614	2,037
	Bank interest	213	-	213	166
	Bank loan interest	-	-	-	123
		<u>1,827</u>	<u>-</u>	<u>1,827</u>	<u>2,326</u>
		=====	=====	=====	=====

AREA 51 EDUCATION LIMITED

Notes forming part of the Accounts

for the year ended 31 July 2020

11 Staff Costs and Pensions

	Unrestricted Funds £	Restricted Funds £	Total 2020 £	Total 2019 £
Wages and salaries	1,082,515	-	1,082,515	1,063,859
Employers N.I. contributions	81,165	-	81,165	82,380
Teachers' pension contributions	-	-	-	9,367
Staff pension contributions	40,409	-	40,409	11,006
	<u>1,240,089</u>	<u>-</u>	<u>1,240,089</u>	<u>1,166,612</u>

No employee earned £60,000 or more. The average number of employees was 57 (2019: 56).

No employees participated in the Teachers' Pension Scheme. During the year ended 31 July 2020, pension contributions to the Teachers' Pension Scheme were £Nil (2019: £9,367).

12 Tax on surplus on ordinary activities

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

13 Tangible fixed assets

	Leasehold Improvements £	Plant and Machinery £	Fixtures and fittings £	Motor Vehicles £	Total £
Cost					
At 1 August 2019	112,894	20,196	53,557	4,000	200,647
Additions in the year	-	2,050	822	-	2,872
At 31 July 2020	<u>122,894</u>	<u>22,246</u>	<u>54,379</u>	<u>4,000</u>	<u>203,519</u>
Depreciation					
At 1 August 2019	106,191	15,760	42,719	2,348	167,018
Charge for the year	10,549	1,413	2,845	413	15,220
At 31 July 2020	<u>116,740</u>	<u>17,173</u>	<u>45,564</u>	<u>2,761</u>	<u>182,238</u>
Net book value					
At 31 July 2020	<u>6,154</u>	<u>5,073</u>	<u>8,815</u>	<u>1,239</u>	<u>21,281</u>
At 31 July 2019	<u>16,703</u>	<u>4,436</u>	<u>10,838</u>	<u>1,652</u>	<u>33,629</u>

AREA 51 EDUCATION LIMITED

Notes forming part of the Accounts

for the year ended 31 July 2020

14	Financial Instruments	2020	2019
		£	£
	Carrying amount of financial assets		
	Measured at amortised cost	407,544	149,122
		=====	=====
	Carrying amount of financial liabilities		
	Measured at amortised cost	68,599	81,525
		=====	=====
15	Debtors	2020	2019
		£	£
	Trade debtors	359,999	105,371
	Other debtors	47,545	43,754
	Prepayments	4,153	30,721
	Accrued income	-	122,177
		411,697	302,023
		=====	=====

Other debtors totalling £32,073 (2019: £32,073) are recoverable after more than one year.

16	Creditors: Amounts falling due within one year	2020	2019
		£	£
	Bank loan instalments (secured)	-	5,100
	Trade creditors	17,740	19,443
	Taxation and social security	42,006	17,452
	Accruals	85,762	5,760
	Provision for dilapidations	30,000	30,000
	Other creditors	8,853	39,530
		184,361	117,285
		=====	=====

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

17 Operating Lease Commitments

Operating lease payments represent rentals payable by the company for the lease of equipment and property.

At the reporting end date, the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2020	2019
	£	£
In less than one year	174,419	106,427
In two to five years	261,852	30,996
In over five years	1,065,276	-
	=====	=====

AREA 51 EDUCATION LIMITED

Notes forming part of the Accounts

for the year ended 31 July 2020

18	Reserves	Balance at 1 August 2019 £	Movement in the year £	Balance at 31 July 2020 £
	Unrestricted funds	509,334	54,932	564,266
	Restricted funds	78,639	9,144	87,783
		<u>587,973</u>	<u>64,076</u>	<u>652,049</u>
19	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.			
20	Control			
	The charity has been controlled throughout the year by the trustees.			
21	Related Party Transactions			
	During the year there were no related party transactions.			
22	Cash generated from operations		2020 £	2019 £
	Surplus for the year		64,076	107,770
	Adjustments for:			
	Finance costs		213	289
	Investment income		(484)	(481)
	Depreciation and impairment of tangible fixed assets		15,220	23,948
	Movements in working capital:			
	(Increase)/Decrease in debtors		(109,674)	72,649
	Increase/(Decrease) in creditors		72,176	(19,139)
	Cash generated by operations		<u>41,527</u>	<u>185,036</u>
23	Analysis of changes in net funds	Balance at 1 August 2019 £	Movement in the year £	Balance at 31 July 2020 £
	Cash at bank and in hand	369,606	33,826	403,432
	Borrowings excluding overdrafts	(5,100)	5,100	-
		<u>364,506</u>	<u>38,926</u>	<u>403,432</u>