

Company Number: 06724508  
Charity Number: 1139447

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**AREA 51 EDUCATION LTD**

**Report and Accounts**

**for the year ended 31 July 2021**

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# **AREA 51 EDUCATION LTD**

## **Report and Accounts**

**for the year ended 31 July 2021**

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# **AREA 51 EDUCATION LTD**

## **Company Information**

**Company Number: 06724508**

**Charities Number: 1139447**

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## **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 Quartermann

## **Auditors**

Dickinsons  
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 LTD**

## **Trustees' (Directors') Annual Report**

**for the year ended 31 July 2021**

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### **Trustees' Annual Report**

The Trustees submit their report together with the audited accounts for the year ended 31 July 2021.

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 Ltd 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.

**Trustees' (Directors') Annual Report**

**for the year ended 31 July 2021**

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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 2021. The college continues its partnership with Richard Cloudesley school in Islington. The 2-year pilot has been very successful, and the service is aiming to move to a new college location from September 2022.

While the impact of the Coronavirus pandemic has severely impacted work experience opportunities over 2020-21, new opportunities have been created in horticulture, catering and retail.

**Future Developments and Strategies**

The lease on the college's current premises has been acquired by the Local Authority and the local authority are actively seeking better premises for the college. Work continues with the Council and local stakeholders to identify solutions. The plan is for the new site to be identified by September 2022. The move is likely to take place by September 2023.

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.

Owing to its status as an Independent Specialist Provider, the Charity received grants from the Education Funding Agency and Local Authorities. During the year income amounted to £1,919,790 (2020: £1,893,931).

Staff costs are the Charity's core costs in meeting its objectives; these have decreased from £1,204,089 in the prior year to £1,161,919.

A provision of £50,000 is included in the accounts for dilapidation costs on the current premises as it remains the intention of the Trustees to relocate in the near future.

The results show a surplus for the year of £50,453 (2020: £70,528, as restated).

**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 Trustees are required to:

## AREA 51 EDUCATION LTD

### Trustees' (Directors') Annual Report

for the year ended 31 July 2021

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- 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 Ltd, 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 2021 unrestricted reserves amounted to £658,705 (2020: £607,432, as restated) and restricted reserves amounted to £86,963 (2020: £87,783).

#### Trustees and Directors

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

Dr M Griffiths  
Mr D Stansell

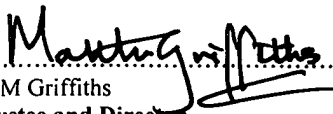
#### Auditors

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

5<sup>th</sup> 12<sup>th</sup> Dec 2022  
Date

# **AREA 51 EDUCATION LTD**

## **Independent Auditors' Report to the Trustees**

**for the year ended 31 July 2021**

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### **Opinion**

We have audited the financial statements of Area 51 Education Ltd for the year ended 31 July 2021 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 2021 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**

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

### **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 2021**

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**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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Our approach was as follows:

We obtained an understanding of the legal and regulatory frameworks that are applicable to the entity and determined that the most significant are those that relate to include the Companies Act 2006, and relevant tax legislation.

We communicated identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit. We examined discussed with management any known or suspected instances of fraud or non-compliance with laws and regulations.



**Independent Auditors' Report to the Trustees**

**for the year ended 31 July 2021**

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We assessed the risks of material misstatement in respect of fraud as follows:

- The audit team discussed whether there were any areas that were susceptible to misstatement as part of their fraud discussion.
- In addressing the risk of management override of controls, we tested the appropriateness of journal entries with a focus on large or unusual transactions based on criteria determined using our knowledge of the business and industry. We also challenged assumptions and judgements made by management in their significant accounting estimates and judgements.
- We incorporated an element of unpredictability in the selection of the nature, timing, and extent of our audit procedures.

Based on the results of our risk assessment we designed our audit procedures to identify and to address material misstatements in relation to fraud, including designing audit procedures to address, for example:

- The possibility of fraudulent or corrupt payments made through third parties.
- The risk of bribery and corruption.
- The opportunity to segregate duties within the entity.

Based on the results of our risk assessment we designed our audit procedures to identify non-compliance with such laws and regulations identified above.

- Using our general commercial and sector experience and through discussions with management, we identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements as well as those arising from management's own assessment of the risks that irregularities may occur either because of fraud or error.
- The engagement partner considers the engagement team collectively had the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

We considered the extent to which the audit was considered capable of detecting irregularities:

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentation, or through collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

**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

8 April 2022

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Date

**AREA 51 EDUCATION LTD**

**Statement of Financial Activities**

**for the year ended 31 July 2021**

	Notes	Unrestricted Funds £	Restricted Funds £	2021 Total Funds £	Unrestricted Funds as restated £	Restricted Funds as restated £	2020 Total Funds as restated £
<b>Incoming Resources</b>							
Charitable activities	5	1,919,790	-	1,919,790	1,883,381	10,550	1,893,931
Donations	6	1,747	-	1,747	3,980	-	3,980
Investment income	7	35	-	35	484	-	484
Other income	8	46,937	-	46,937	50,291	-	50,291
<b>Total Incoming Resources</b>		<u>1,968,509</u>	<u>-</u>	<u>1,968,509</u>	<u>1,938,136</u>	<u>10,550</u>	<u>1,948,686</u>
<b>Resources Expended</b>							
Costs of charitable activities	9	1,915,885	820	1,916,705	1,874,925	1,406	1,876,331
Other resources expended	10	1,351	-	1,351	1,827	-	1,827
<b>Total Resources Expended</b>		<u>1,917,236</u>	<u>820</u>	<u>1,918,056</u>	<u>1,876,752</u>	<u>1,406</u>	<u>1,878,158</u>
<b>Net Movements in Funds</b>		<u>51,273</u>	<u>(820)</u>	<u>50,453</u>	<u>61,384</u>	<u>9,144</u>	<u>70,528</u>
<b>Reconciliation of Funds</b>							
Total Funds at 1 August 2020		607,432	87,783	695,215	546,048	78,639	624,687
Net Movement in Funds		51,273	(820)	50,453	61,384	9,144	70,528
<b>Total Funds at 31 July 2021</b>	<b>18</b>	<u>658,705</u>	<u>86,963</u>	<u>745,668</u>	<u>607,432</u>	<u>87,783</u>	<u>695,215</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 17 form part of these accounts*

# AREA 51 EDUCATION LTD

## Balance Sheet

Charity Number: 1139447

as at 31 July 2021

	Notes	As at 31 July 2021	As at 31 July 2020 as restated
		£	£
<b>Fixed assets</b>			
Tangible fixed assets	13	12,365	21,281
<b>Current assets</b>			
Debtors	15	207,490	446,923
Cash at bank and in hand		882,239	403,432
		<u>1,089,729</u>	<u>850,355</u>
<b>Creditors: amounts falling due within one year</b>	16	(356,426)	(176,421)
<b>Net current assets</b>		<u>733,303</u>	<u>673,934</u>
<b>Total assets less current liabilities</b>		<u><u>745,668</u></u>	<u><u>695,215</u></u>
<b>Funds of the charity</b>			
Restricted income funds	18	86,963	87,783
Unrestricted income funds	18	658,705	607,432
<b>Total funds</b>		<u><u>745,668</u></u>	<u><u>695,215</u></u>

These accounts were approved by the board on 24<sup>th</sup> March 2022

Matt Griffiths  
Dr M Griffiths  
Trustee and Director

The notes on pages 10 to 17 form part of these accounts.

# AREA 51 EDUCATION LTD

## Statement of Cash Flows

for the year ended 31 July 2021

	Notes	2021	2020
		£	£
<b>Cash flows from operating activities</b>			
Cash generated by operations	22	479,352	41,527
Interest paid		-	(213)
<b>Net cash inflow from operating activities</b>		479,352	41,314
<b>Investing activities</b>			
Proceeds on sale of tangible fixed assets		1,500	-
Purchase of tangible fixed assets		(2,080)	(2,872)
Interest received		35	484
<b>Net cash used in investing activities</b>		(545)	(2,388)
<b>Financing activities</b>			
Repayment of bank loans		-	(5,100)
<b>Net cash used in financing activities</b>		-	(5,100)
<b>Net increase in cash and cash equivalents</b>		478,807	33,826
Cash and cash equivalents at beginning of year		403,432	369,606
<b>Cash and cash equivalents at end of year</b>	23	<u>882,239</u>	<u>403,432</u>

The notes on pages 10 to 17 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 LTD

## Notes forming part of the Accounts

for the year ended 31 July 2021

### Judgements and Key Sources of Estimation Uncertainty (continued)

#### 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 £50,000 (2020: £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 2021 £	Total 2020 £
Full time courses	635,529	-	635,529	880,290
Education funding agency	1,284,261	-	1,284,261	1,013,641
	<u>1,919,790</u>	<u>-</u>	<u>1,919,790</u>	<u>1,893,931</u>

### 6 Incoming Resources from Donations

	Unrestricted Funds £	Restricted Funds £	Total 2021 £	Total 2020 £
Donations	1,747	-	1,747	3,980
	<u>1,747</u>	<u>-</u>	<u>1,747</u>	<u>3,980</u>

### 7 Investment Income

	Unrestricted Funds £	Restricted Funds £	Total 2021 £	Total 2020 £
Bank interest received	35	-	35	484
	<u>35</u>	<u>-</u>	<u>35</u>	<u>484</u>

# AREA 51 EDUCATION LTD

## Notes forming part of the Accounts

for the year ended 31 July 2021

8	Other Income	Unrestricted	Restricted	Total	Total
		Funds	Funds	2021	2020
		£	£	£	£
	Other grants received	6,450	-	6,450	10,000
	Furlough income	40,487	-	40,487	40,291
		<u>46,937</u>	<u>-</u>	<u>46,937</u>	<u>50,291</u>
		=====	=====	=====	=====
9	Costs of Charitable Activities	Unrestricted	Restricted	Total	Total
		Funds	Funds	2021	2020
		£	£	£	as restated £
	Equipment and general purchases	58,213	-	58,213	56,790
	Learner transport and facilities hire	91,578	-	91,578	120,816
	Staff costs including employer's NI	1,161,919	-	1,161,919	1,204,089
	Subcontract labour	166,092	-	166,092	65,304
	Staff training	12,862	-	12,862	29,573
	Clothing costs	2,371	-	2,371	-
	Rent and service charges	206,413	-	206,413	183,082
	Rates	24,513	-	24,513	20,707
	Insurance	14,914	-	14,914	15,768
	Light and heat	17,687	-	17,687	15,535
	Cleaning	18,309	-	18,309	16,322
	Repairs and maintenance	20,434	-	20,434	17,570
	Dilapidation costs	20,000	-	20,000	-
	Staff recruitment	5,911	-	5,911	20,796
	Printing, postage and stationery	9,893	-	9,893	7,974
	Advertising	122	-	122	774
	Telephone charges	3,694	-	3,694	3,579
	Computer running costs	1,173	-	1,173	2,703
	Hire of equipment	7,083	-	7,083	7,336
	Motor vehicle leasing	18,979	-	18,979	8,284
	Motor running costs	6,986	-	6,986	6,938
	Travelling expenses	2,173	-	2,173	4,292
	Entertaining	823	-	823	3,851
	Legal and professional fees	20,777	-	20,777	17,894
	Bad and doubtful debts	-	-	-	19,690
	Penalties and fines	34	-	34	-
	Sundry expenses	479	-	479	1,056
	Accountancy charges	5,314	-	5,314	4,380
	Audit fee	2,126	-	2,126	1,680
	Subscriptions	6,338	-	6,338	4,329
	Amortisation of leasehold improvements	6,154	-	6,154	10,549
	Depreciation of plant and machinery	1,435	-	1,435	1,413
	Depreciation of fixtures and fittings	1,347	820	2,167	2,845
	Depreciation of motor vehicles	-	-	-	412
	Profit on sale of intangible asset	(261)	-	(261)	-
		<u>1,915,885</u>	<u>820</u>	<u>1,916,705</u>	<u>1,876,331</u>
		=====	=====	=====	=====



# AREA 51 EDUCATION LTD

## Notes forming part of the Accounts

for the year ended 31 July 2021

10	Other Resources Expended	Unrestricted Funds	Restricted Funds	Total 2021	Total 2020
		£	£	£	£
	Bank charges	1,351	-	1,351	1,614
	Bank interest	-	-	-	213
		<u>1,351</u>	<u>-</u>	<u>1,351</u>	<u>1,827</u>

11	Staff Costs and Pensions	Unrestricted Funds	Restricted Funds	Total 2021	Total 2020
		£	£	£	£
	Wages and salaries	1,062,284	-	1,062,284	1,082,515
	Employers N.I. contributions	80,257	-	80,257	81,165
	Teachers' pension contributions	-	-	-	-
	Staff pension contributions	19,378	-	19,378	40,409
		<u>1,161,919</u>	<u>-</u>	<u>1,161,919</u>	<u>1,204,089</u>

No employee earned £60,000 or more. The average number of employees was 59 (2020: 57).

No employees participated in the Teachers' Pension Scheme. During the year ended 31 July 2021, pension contributions to the Teachers' Pension Scheme were £Nil (2020: £Nil).

## 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
	£	£	£	£	£
<b>Cost</b>					
At 1 August 2020	122,894	22,245	54,379	4,000	203,518
Additions in the year	-	2,080	-	-	2,080
Disposal in the year	-	-	-	(4,000)	(4,000)
At 31 July 2021	<u>122,894</u>	<u>24,325</u>	<u>54,379</u>	<u>-</u>	<u>201,598</u>
<b>Depreciation</b>					
At 1 August 2020	116,740	17,173	45,564	2,761	182,238
Charge for the year	6,154	1,435	2,167	-	9,756
Eliminated on disposals	-	-	-	(2,761)	(2,761)
At 31 July 2021	<u>122,894</u>	<u>18,608</u>	<u>47,731</u>	<u>-</u>	<u>189,233</u>
<b>Net book value</b>					
At 31 July 2021	<u>-</u>	<u>5,717</u>	<u>6,648</u>	<u>-</u>	<u>12,365</u>
At 31 July 2020	<u>6,154</u>	<u>5,073</u>	<u>8,815</u>	<u>1,239</u>	<u>21,281</u>

# AREA 51 EDUCATION LTD

## Notes forming part of the Accounts

for the year ended 31 July 2021

14	Financial Instruments	2021 £	2020 as restated £
	<b>Carrying amount of financial assets</b>		
	Measured at amortised cost	157,276	442,770
		=====	=====
	<b>Carrying amount of financial liabilities</b>		
	Measured at amortised cost	239,658	60,659
		=====	=====

15	Debtors	2021 £	2020 as restated £
	Trade debtors	85,302	395,225
	Other debtors	33,590	47,545
	Prepayments	50,215	4,153
	Accrued income	38,383	-
		207,490	446,923
		=====	=====

Other debtors totalling £32,073 (2020: £32,073) are recoverable after more than one year.

16	Creditors: Amounts Falling Due Within One Year	2021 £	2020 as restated £
	Trade creditors	46,224	9,800
	Taxation and social security	18,704	42,006
	Accruals	66,768	85,762
	Provision for dilapidations	50,000	30,000
	Other creditors	174,730	8,853
		356,426	176,421
		=====	=====

## 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:

### Property

	2021 £	2020 £
In less than one year	79,164	150,809
In two to five years	285,660	285,660
In over five years	261,855	333,270
	=====	=====

# AREA 51 EDUCATION LTD

## Notes forming part of the Accounts

for the year ended 31 July 2021

### Operating Lease Commitments (continued)

#### Vehicles

	2021 £	2020 £
In less than one year	15,208	6,314
In two to five years	45,623	-
	=====	=====

### 18 Reserves

	Balance at 1 August 2020 as restated £	Movement in the year £	Balance at 31 July 2021 £
Unrestricted funds	607,432	51,273	658,705
Restricted funds	87,783	(820)	86,963
	695,215	50,453	745,668
	=====	=====	=====

### 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

	2021 £	2020 as restated £
Surplus for the year	50,453	70,528
<b>Adjustments for:</b>		
Finance costs	-	213
Investment income	(35)	(484)
Depreciation and impairment of tangible fixed assets	9,757	15,220
Profit on disposal of tangible fixed assets	(261)	-
<b>Movements in working capital:</b>		
Decrease/(Increase) in debtors	239,433	(109,674)
Increase in creditors	180,005	65,724
<b>Cash generated by operations</b>	<u>479,352</u>	<u>41,527</u>
	=====	=====

# AREA 51 EDUCATION LTD

## Notes forming part of the Accounts

### for the year ended 31 July 2021

#### 23 Analysis of Changes in Net Funds

	Balance at 1 August 2020 £	Movement in the year £	Balance at 31 July 2021 £
Cash at bank and in hand	403,432 =====	478,807 =====	882,239 =====

#### 24 Prior Period Adjustment

Errors have been identified in the comparative period and adjustments have been made to rectify these errors as follows:

##### Trade Debtors

Trade debtors were understated by £35,226. The adjustment relates to periods prior to the year ended 31 July 2020. This resulted in an understatement of retained income funds of £35,226.

##### Trade Creditors

Trade creditors were overstated by £7,940. This resulted in an overstatement of administrative expenses by £6,452 and an understatement of retained income funds prior to the year end 31 July 2020 of £1,488.

##### Changes to the balance sheet

	As at 31 July 2020		
	As previously reported £	Adjustment £	As restated £
<b>Current assets</b>			
Debtors	411,697	35,226	446,923
<b>Creditors due within one year</b>			
Trade creditors	17,740	(7,940)	9,800
		43,166 =====	
<b>Funds of the charity</b>			
Unrestricted Income Funds	564,266	43,166 =====	607,432

##### Changes to the statement of financial activities

	Year Ended 31 July 2020		
	As previously reported £	Adjustment £	As restated £
<b>Total resources expended</b>	1,884,610	(6,452) =====	1,878,158