

Company Number: 06724508

Charity Number: 1139447

AREA 51 EDUCATION LTD

Report and Accounts

for the year ended 31 July 2023

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AREA 51 EDUCATION LTD

Report and Accounts

for the year ended 31 July 2023

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AREA 51 EDUCATION LTD

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
Mr D Stansell – Treasurer

Directors

Dr M Griffiths
Mr D Stansell
Mr N Fryars

Senior Staff

Miss N Quarterman

Auditors

Dickinsons Chartered Accountants
Brandon House
First Floor
90 The Broadway
Chesham
Buckinghamshire
HP5 1EG

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 2023

Trustees' Annual Report

The Trustees submit their report together with the audited accounts for the year ended 31 July 2023.

The accounts have been prepared in accordance with the Companies Act 2006, the Charities Act 2011 as amended by Charities Act 2022, 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 being 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.

AREA 51 EDUCATION LTD

Trustees' (Directors') Annual Report

for the year ended 31 July 2023

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 as amended by Charities Act 2022.

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

An Ofsted inspection took place on 21-23 September 2022. The outcome of this inspection was an overall rating of 'Requires improvement'; this rating was also given for four aspects:

- The quality of education
- Personal development
- Leadership and management
- Provision for learners with high needs

While the aspect 'behaviour and attitudes' was rated Good, the inspectors noted that performance on some of the four aspects had not yet recovered after the COVID-19 pandemic.

At the request of the Governors, a Performance Improvement plan was drawn up in January 2023. Execution against this plan is reported at each Governors' meeting. Progress has been slower than intended due to ongoing staffing shortages.

Ofsted made a monitoring visit to the provision on 22-23 November 2023 at which sufficient progress was noted on two of the above aspects, but insufficient progress had been made on the quality of education.

The finances of the provision also gave cause for concern, as rising costs outstripped the available education funding and fees for adult social care. This imbalance has now largely been corrected, and cost recovery is now once again better in line with costs. Of particular note, was the agreement with Haringey Council that they would cover the costs of transport for many of the Adult Social Care attendees.

No progress of note has been made on finding new accommodation for the provision. For the moment, a new tenant needs to be found for 1-3 Clarendon Place if this property is not to be a drag on the finances of the provision.

Future Developments and Strategies

The highest priority for Trustees and Governors remains regaining an Ofsted rating of Good at the next inspection. An important enabler for this ambition is to ensure that there is adequate teaching capacity. In the upcoming financial year we will be working hard with the management team on continuing to drive our performance improvement plan.

Two other matters require ongoing attention in the current year:

1. Reinforcing the Board of Governors with additional external talent; the Board has lost two key members, both also directors/trustees in the last year, and the Chairman is due to retire after this year.
2. Resolving the ongoing challenges around the accommodation of the provision.

AREA 51 EDUCATION LTD

Trustees' (Directors') Annual Report

for the year ended 31 July 2023

Financial Review

The Statement of Financial Activities for the year is set out on page 8 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 £1,968,062 (2022: £1,982,308).

Staff costs are the Charity's core costs in meeting its objectives; these have increased from £1,328,612 in the prior year to £1,433,809.

The result for the year is a deficit of £145,977 (2022: £39,786).

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:

- 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 other 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 as amended by Charities Act 2022 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 2023 unrestricted reserves amounted to £496,003 (2022: £639,642) and restricted reserves amounted to £63,902 (2022: £66,240).

AREA 51 EDUCATION LTD

Trustees' (Directors') Annual Report

for the year ended 31 July 2023

Trustees and Directors

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

Dr M Griffiths

Mr D Stansell

The directors, who are not trustees and, who served during the year, were as follows:

Ms T Sanford (Resigned 1 October 2023)

Mr N Fryars

Ms M Vadher (Resigned 28 November 2023)

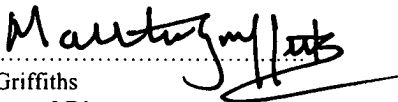
Auditors

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

22/2/2024

AREA 51 EDUCATION LTD

Independent Auditors' Report to the Trustees

for the year ended 31 July 2023

Opinion

We have audited the financial statements of Area 51 Education Ltd for the year ended 31 July 2023 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 2023 and of its deficit 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 2023

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 page 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, as amended by Charities Act 2022, 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 2023

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

- The audit team questioned 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.

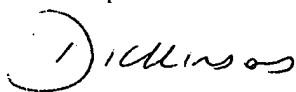
We considered the extent to which the audit was considered capable of detecting irregularities:

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

Brandon House
First Floor
90 The Broadway
Chesham
Buckinghamshire
HP5 1EG

26/2/2024
Date

AREA 51 EDUCATION LTD

Statement of Financial Activities

for the year ended 31 July 2023

	Notes	Unrestricted Funds £	Restricted Funds £	2023 Total Funds £	Unrestricted Funds £	Restricted Funds £	2022 Total Funds £
Incoming Resources							
Charitable activities	5	1,968,062	-	1,968,062	1,982,308	-	1,982,308
Donations	6	46	-	46	170	-	170
Investment income	7	3,924	-	3,924	184	-	184
Other income	8	73,306	55,011	128,317	80,070	38,812	118,882
Total Incoming Resources		<u>2,045,338</u>	<u>55,011</u>	<u>2,100,349</u>	<u>2,062,732</u>	<u>38,812</u>	<u>2,101,544</u>
Resources Expended							
Costs of charitable activities	9	2,214,262	18,537	2,232,799	2,095,234	31,948	2,127,182
Other resources expended	10	13,527	-	13,527	14,148	-	14,148
Total Resources Expended		<u>2,227,789</u>	<u>18,537</u>	<u>2,246,326</u>	<u>2,109,382</u>	<u>31,948</u>	<u>2,141,330</u>
Transfers Between Funds	18	38,812	(38,812)	-	27,587	(27,587)	-
Deficit in Funds		<u>(143,639)</u>	<u>(2,338)</u>	<u>(145,977)</u>	<u>(19,063)</u>	<u>(20,723)</u>	<u>(39,786)</u>
Reconciliation of Funds							
Total Funds at 1 August 2022		639,642	66,240	705,882	658,705	86,963	745,668
Net Movement in Funds		(143,639)	(2,338)	(145,977)	(19,063)	(20,723)	(39,786)
Total Funds at 31 July 2023	19	<u>496,003</u>	<u>63,902</u>	<u>559,905</u>	<u>639,642</u>	<u>66,240</u>	<u>705,882</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 11 to 17 form part of these accounts

AREA 51 EDUCATION LTD

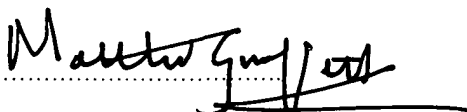
Balance Sheet

Charity Number: 1139447

as at 31 July 2023

	Notes	£	As at 31 July 2023 £	£	As at 31 July 2022 £	£
Fixed assets						
Tangible fixed assets	13			26,076		24,449
Current assets						
Debtors	15	264,765			320,830	
Cash at bank and in hand		538,264			635,238	
		<u>803,029</u>			<u>956,068</u>	
Creditors: amounts falling due within one year	16	(269,200)			(274,635)	
Net current assets				<u>533,829</u>		<u>681,433</u>
Total assets less current liabilities				<u>559,905</u>		<u>705,882</u>
Funds of the charity						
Restricted income funds	19	63,902			66,240	
Unrestricted income funds	19	496,003			639,642	
Total funds				<u>559,905</u>		<u>705,882</u>

These accounts were approved by the board on 18/2/2024



Dr M Griffiths
Trustee and Director

The notes on pages 11 to 17 form part of these accounts.

AREA 51 EDUCATION LTD

Statement of Cash Flows

for the year ended 31 July 2023

	Notes	2023		2022	
		£	£	£	£
Cash flows from operating activities					
Cash absorbed by operations	23	<u>(92,219)</u>		<u>(228,164)</u>	
Net cash outflow from operating activities			(92,219)		(228,164)
Investing activities					
Purchase of tangible fixed assets		(8,679)		(19,021)	
Interest received		<u>3,924</u>		<u>184</u>	
Net cash used in investing activities			<u>(4,755)</u>		<u>(18,837)</u>
Net decrease in cash and cash equivalents			(96,974)		(247,001)
Cash and cash equivalents at beginning of year			635,238		882,239
Cash and cash equivalents at end of year	24		<u><u>538,264</u></u>		<u><u>635,238</u></u>

The notes on pages 11 to 17 form part of these accounts.

AREA 51 EDUCATION LTD

Notes forming part of the Accounts

for the year ended 31 July 2023

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 as amended by Charities Act 2022. 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 as amended by Charities Act 2022.

Going Concern

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

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 2023

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 2023 £	Total 2022 £
Full time courses	801,718	-	801,718	674,582
Education funding agency	1,166,344	-	1,166,344	1,307,726
	<u>1,968,062</u>	<u>-</u>	<u>1,968,062</u>	<u>1,982,308</u>

6 Incoming Resources from Donations

	Unrestricted Funds £	Restricted Funds £	Total 2023 £	Total 2022 £
Donations	46	-	46	170
	<u>46</u>	<u>-</u>	<u>46</u>	<u>170</u>

7 Investment Income

	Unrestricted Funds £	Restricted Funds £	Total 2023 £	Total 2022 £
Bank interest received	3,924	-	3,924	184
	<u>3,924</u>	<u>-</u>	<u>3,924</u>	<u>184</u>

8 Other Income

	Unrestricted Funds £	Restricted Funds £	Total 2023 £	Total 2022 £
Other grants received	-	55,011	55,011	52,849
Furlough income	-	-	-	1,520
Rent receivable	72,051	-	72,051	64,513
Student café and shop	1,255	-	1,255	-
	<u>73,306</u>	<u>55,011</u>	<u>128,317</u>	<u>118,882</u>

AREA 51 EDUCATION LTD

Notes forming part of the Accounts

for the year ended 31 July 2023

9 Costs of Charitable Activities

	Unrestricted Funds £	Restricted Funds £	Total 2023 £	Total 2022 £
Equipment and general purchases	43,948	-	43,948	41,176
Learner transport and facilities hire	111,427	-	111,427	93,900
Staff costs including employer's NI	1,433,809	-	1,433,809	1,328,612
Subcontract labour	165,920	-	165,920	202,375
Staff training	26,875	-	26,875	11,933
Clothing costs	2,664	-	2,664	187
Rent and service charges	244,748	-	244,748	244,288
Rates	11,793	-	11,793	4,702
Insurance	21,288	-	21,288	18,855
Light and heat	21,105	-	21,105	29,477
Cleaning	19,372	-	19,372	19,171
Repairs and maintenance	7,903	18,537	26,440	49,704
Dilapidation costs (release of provision)	-	-	-	(50,000)
Staff recruitment	15,569	-	15,569	25,783
Printing, postage and stationery	11,193	-	11,193	12,265
Advertising	77	-	77	390
Telephone charges	8,332	-	8,332	7,804
Computer running costs	2,096	-	2,096	1,775
Hire of equipment	5,367	-	5,367	7,521
Motor vehicle leasing	15,246	-	15,246	13,209
Motor running costs	7,374	-	7,374	5,323
Travelling expenses	3,367	-	3,367	4,257
Entertaining	570	-	570	280
Legal and professional fees	15,480	-	15,480	19,492
Bad and doubtful debts	325	-	325	20,843
Sundry expenses	20	-	20	325
Subscriptions	11,342	-	11,342	6,598
Depreciation of plant and machinery	3,202	-	3,202	3,441
Depreciation of fixtures and fittings	3,850	-	3,850	3,496
	<u>2,214,262</u>	<u>18,537</u>	<u>2,232,799</u>	<u>2,127,182</u>

10 Other Resources Expended

	Unrestricted Funds £	Restricted Funds £	Total 2023 £	Total 2022 £
Bank charges	1,554	-	1,554	1,455
Accountancy charges	7,173	-	7,173	8,483
Audit fee	4,800	-	4,800	4,210
	<u>13,527</u>	<u>-</u>	<u>13,527</u>	<u>14,148</u>

AREA 51 EDUCATION LTD

Notes forming part of the Accounts

for the year ended 31 July 2023

11 Staff Costs and Pensions

	Unrestricted Funds £	Restricted Funds £	Total 2023 £	Total 2022 £
Wages and salaries	1,299,660	-	1,299,660	1,205,430
Employers N.I. contributions	108,722	-	108,722	100,403
Staff pension contributions	25,427	-	25,427	22,779
	<u>1,433,809</u>	<u>-</u>	<u>1,433,809</u>	<u>1,328,612</u>

No employee earned £60,000 or more. The average number of employees was 63 (2022: 63).

No employees participated in the Teachers' Pension Scheme. During the year ended 31 July 2023, pension contributions to the Teachers' Pension Scheme were £Nil (2022: £Nil).

12 Tax on Deficit

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 £	Total £
Cost				
At 1 August 2022	122,894	33,563	64,162	220,619
Additions in the year	-	4,924	3,755	8,679
At 31 July 2023	<u>122,894</u>	<u>38,487</u>	<u>67,917</u>	<u>229,298</u>
Depreciation				
At 1 August 2022	122,894	22,049	51,227	196,170
Charge for the year	-	3,202	3,850	7,052
At 31 July 2023	<u>122,894</u>	<u>25,251</u>	<u>55,077</u>	<u>203,222</u>
Net book value				
At 31 July 2023	<u>-</u>	<u>13,236</u>	<u>12,840</u>	<u>26,076</u>
At 31 July 2022	<u>-</u>	<u>11,514</u>	<u>12,935</u>	<u>24,449</u>

AREA 51 EDUCATION LTD

Notes forming part of the Accounts

for the year ended 31 July 2023

15 Debtors

	2023 £	2022 £
Trade debtors	111,369	195,923
Other debtors	39,214	36,811
Prepayments	87,213	73,676
Accrued income	26,969	14,420
	<u>264,765</u>	<u>320,830</u>

Other debtors totalling £32,073 (2022: £32,073) are recoverable after more than one year.

16 Creditors: Amounts Falling Due Within One Year

	2023 £	2022 £
Trade creditors	103,482	66,165
Taxation and social security	21,387	25,554
Accruals	47,773	94,889
Other creditors	96,558	88,027
	<u>269,200</u>	<u>274,635</u>

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

	2023 £	2022 £
In less than one year	106,131	98,536
In two to five years	322,112	285,660
In over five years	113,074	184,489
	<u>541,317</u>	<u>568,685</u>

Vehicles

	2023 £	2022 £
In less than one year	15,208	15,208
In two to five years	15,939	31,147
	<u>31,147</u>	<u>46,355</u>

Lessor

At the reporting end date, the company had contracted with tenants for the following minimum lease payments:

Property

	2023 £	2022 £
In less than one year	75,184	75,184
In two to five years	231,817	300,736
In over five years	-	6,265
	<u>307,001</u>	<u>382,185</u>

AREA 51 EDUCATION LTD

Notes forming part of the Accounts

for the year ended 31 July 2023

18 Transfer to Unrestricted Funds

If restricted funding is not utilised at the period end, it is carried forward until such time that all costs for that particular project or purpose have ceased at which point, so long as the agreement does not prohibit it, the balance of funds become unrestricted reserves. The amount of £38,812 (2022: £27,587) is no longer subject to restrictions and has been transferred to unrestricted funds.

19 Reserves

	Balance at 1 August 2022 £	Movement in the year £	Balance at 31 July 2023 £
Unrestricted funds	639,642	(143,639)	496,003
Restricted funds	66,240	(2,338)	63,902
	<u>705,882</u>	<u>(145,977)</u>	<u>559,905</u>

20 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.

21 Control

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

22 Related Party Transactions

During the year there were no related party transactions.

23 Cash Generated from Operations

	2023 £	2022 £
Deficit for the year	(145,977)	(39,785)
Adjustments for:		
Investment income	(3,924)	(184)
Depreciation and impairment of tangible fixed assets	7,052	6,937
Movements in working capital:		
Decrease/(Increase) in debtors	56,065	(113,340)
Increase/(Decrease) in creditors	(5,435)	(81,792)
Cash generated from operations	<u>(92,219)</u>	<u>(228,164)</u>

24 Analysis of Changes in Net Funds

	Balance at 1 August 2022 £	Movement in the year £	Balance at 31 July 2023 £
Cash at bank and in hand	635,238	(96,974)	538,264