

LEAGUE FOR THE EXCHANGE OF COMMONWEALTH TEACHERS

ANNUAL REPORT

AND

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2016

Charity No. 1089920



Company No. 4294081

CONTENTS

	Page
Report of the Trustees	1
Report of the Auditors	4
Statement of Financial Activities	6
Balance Sheet	7
Notes to the Financial Statements	8-12

TRUSTEES' REPORT

The Trustees present their report together with the audited financial statements for the year ended 31st August 2016.

Structure, Governance And Management

The League for the Exchange of Commonwealth Teachers (LECT) is a company limited by guarantee (No. 4294081) and a registered charity (No. 1089920). The liability of members is limited to £1 each in the event of the company being wound up. The company was incorporated in England and Wales on 26th September 2001 and is governed by a Memorandum and Articles of Association.

LECT became part of the Education Development Trust in October 2007. Both LECT and Education Development Trust, a registered charity and company, are committed to the provision and support of high quality education services worldwide.

LECT's governing body is the Board of Governors who are also Trustees under charity law and directors under company law.

The Trustees have paid due regard to Charity Commission guidance in determining the activities of the charity.

Administrative Information

Name	League for the Exchange of Commonwealth Teachers
Other names used	LECT, The League
Company limited by guarantee	Company Number: 4294081
Registered charity	Charity Number: 1089920
Registered office	Highbridge House, 16-18 Duke Street, Reading, RG1 4RU
Website:	www.educationdevelopmenttrust.com
Trustees:	M. Nichol OBE (Chairman) D. Morley R. Miles
Bankers:	Unity Trust Bank plc 9 Brindley Place Birmingham B1 2HB
Solicitors:	Clarks Solicitors LLP 1 Forbury Square The Forbury Reading RG1 3EB

Auditors: BDO LLP
2 City Place
Beehive Ring Road
Gatwick, West Sussex, RH6 0PA

Objects and Aims

The objects of LECT are to advance education and promote any other charitable purpose for the benefit of children and young people principally throughout the Commonwealth but not excluding other nations.

The Charity aims to improve the quality of education in the United Kingdom and the Commonwealth by the provision of a range of professional development and other training programmes for teachers throughout the Commonwealth advancing education for the benefit of the public.

The Charity no longer has any trading activity. In the year ended 31 August 2016, the only accounting entries relate to pension adjustments and governance costs.

Risk Management

Education Development Trust has a formal risk management process across the Education Development Trust Group to assess operational risks and implement risk management strategies. This process also applies to LECT. The risk management process involves identifying the type of risks, prioritising them in terms of potential impact and likelihood of occurrence, and identifying means of mitigating the risks.

Financial Report

Trustees' Responsibilities

The Board of Trustees is responsible for preparing the Annual Report and the financial statements in accordance with the Companies Act 2006 and for being satisfied that the financial statements give a true and fair view. The Board of Trustees is also responsible for preparing the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). In considering its responsibilities, the Board has had regard to 'Good Governance: A code for the Voluntary and Community Sector'.

Charity and company law requires the Board of Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Charity and of the surplus or deficit of the Charity for that year. In preparing those financial statements, the Board of Trustees is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charity will continue in business.

The Board of Trustees has overall responsibility for keeping proper accounting records that show and explain the Charity's transactions, disclose with reasonable accuracy at any time the financial position of the Charity and to enable it to ensure that the financial statements comply with the Companies Act 2006.

The Board of Trustees is also responsible for safeguarding the assets of the Charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

All of the current Trustees have taken all the steps that they ought to have taken to make themselves aware of any information needed by the Charity's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The Trustees are not aware of any relevant audit information of which the auditors are unaware.

This report has been prepared in accordance with the Charities Statement of Recommended Practice (FRS102) (2015). The report has been prepared in accordance with the provisions applicable to companies' subject to the small companies' regime and in accordance with the provisions of FRS 102 Section 1A – Small Entities.

Reserves Policy

The Board of Trustees of Education Development Trust reviews the reserves of the Education Development Trust Group each year to determine the level of reserve funds required. Reserve funds are not required by LECT as it has ceased all trading activities.

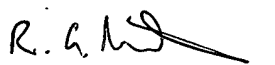
At 31 August 2016, the general reserve, excluding designated funds and pension reserve was £nil (2015: £nil). The Charity held designated funds of £83,273 (2015: £95,283) at the end of the financial year. The designated fund relates to the proceeds of sale of the Charity's only investment property, which has been set aside to fund any future liability arising from the defined benefit pension scheme (Note 9).

Review of the Year

During the year, there were net outgoing resources of £15,010 (2015: £17,931) before actuarial losses on the defined benefit pension scheme. This is due to net interest cost on the pension liabilities and governance costs.

The value of the pension liabilities of the Educational Exchanges Pension Scheme, the defined benefit scheme, has increased in the year from a deficit of £40,000 to a deficit of £650,000 (see note 9). The last triennial actuarial valuation of the Scheme was completed as at 1 April 2015. It revealed that the assets of the Scheme were insufficient to meet the accrued liabilities on an ongoing basis. It recommended employer contributions of seven annual payments of £60,000, subject to review at future actuarial valuations.

For and on behalf of the Trustees



R Miles

Date: 24/05/2017

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LEAGUE FOR THE EXCHANGE OF COMMONWEALTH TEACHERS

We have audited the financial statements of League for the Exchange of Commonwealth Teachers for the year ended 31 August 2016 which comprise the Statement of Financial Activities, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of trustees and auditors

As explained more fully in the Statement of Trustees' Responsibilities, the trustees (who are also the directors of the company 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.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 August 2016 and of its incoming resources and application of resources, including its income and expenditure, for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

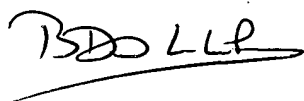
In our opinion the information given in the trustees' report for the financial year for which the financial statements are prepared is consistent with the financial statements and the trustees' report has been prepared in accordance with applicable legal requirements.

Based on our knowledge and understanding of the company and its environment obtained during the course of the audit we have identified no material misstatements in the trustees' report.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made;
- 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, take advantage of the small companies' exemption in preparing the directors' report or the exemption from the requirements to prepare a strategic report



James Aston, Senior Statutory Auditor
for and on behalf of BDO LLP, Statutory Auditor
Gatwick
United Kingdom

Date: 24 May 2017

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

STATEMENT OF FINANCIAL ACTIVITIES

For the year ended 31 August 2016



	Note	Year ended 31 August 2016 Total £	Year ended 31 August 2015 Total £
Expenditure			
Expenditure on charitable activities:			
Charitable activities		15,010	19,329
Expenditure on raising funds		-	(1,398)
Total Expenditure	2	<u>15,010</u>	<u>17,931</u>
Net Expenditure		(15,010)	(17,931)
Other Recognised Gains and Losses			
Actuarial loss on defined benefit pension schemes	9	<u>(607,000)</u>	<u>31,000</u>
Net movement in funds		<u>(622,010)</u>	<u>13,069</u>
Balance brought forward at 1 September		55,283	42,214
Balances carried forward at 31 August		<u><u>(566,727)</u></u>	<u><u>55,283</u></u>

The notes on pages 8 to 12 form part of these accounts.

All income is from discontinued operations.

All income and expenditure relate to unrestricted funds.

BALANCE SHEET

As at 31 August 2016



	Note	As at 31 August 2016 £	As at 31 August 2015 £
CURRENT ASSETS			
Debtors	4	76,549	89,966
Cash at bank and in hand		<u>18,065</u>	<u>18,507</u>
		94,614	108,473
CURRENT LIABILITIES			
Creditors	5	<u>(11,341)</u>	<u>(13,190)</u>
Net current assets		<u>83,273</u>	<u>95,283</u>
Net liability on defined benefit pension scheme	9	(650,000)	(40,000)
NET ASSETS / (LIABILITIES)		<u>(566,727)</u>	<u>55,283</u>
CHARITABLE FUNDS			
Designated funds	6	<u>83,273</u>	<u>95,283</u>
Total funds excluding pension reserve		83,273	95,283
Pension reserve	9	(650,000)	(40,000)
TOTAL FUNDS		<u>(566,727)</u>	<u>55,283</u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - Small Entities.

The notes on pages 8 to 12 form part of these accounts.

The financial statements on pages 6 to 12 were approved by the Trustees on 24 May 2017 and signed on their behalf by:

A handwritten signature in black ink, appearing to read 'R.G.M.' with a long horizontal stroke extending to the right.

Robert Gerard Miles
Trustee

1 Principal Accounting Policies

a) Basis of accounting

The entity is a charitable company incorporated in England at Highbridge House, 16-18 Duke Street, Reading, RG1 4RU. The financial statements have been prepared in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland, including the July 2015 Section 1A 'Small entities' amendments. The charitable company has early adopted the provisions of Section 1A which ordinarily comes into effect for accounting periods beginning on or after 1 January 2016.

The financial statements have been prepared under the historical cost convention.

The accounts of the Charity have been prepared on a going concern basis.

The Charity meets the definition of a public benefit entity under FRS 102.

A summary of the accounting policies, which have been applied consistently, is set out below.

b) Reconciliation with previous Generally Accepted Accounting Practice

In preparing these accounts the trustees have considered whether, in applying the accounting policies required by FRS 102 and the Charities SORP FRS 102, a restatement of comparatives was required. The transition date was 1 September 2014. There are no restatements which affect funds or net movement in funds however there are two significant presentational adjustments to prior year comparatives as follows:

i) FRS 102 requires the recognition in profit or loss of a net interest cost (or income) on defined benefit pension schemes. This is calculated by multiplying the net pension liability (or asset) by the market yields on high quality corporate bonds. The effect of this, when compared to previous UK GAAP, has been to reduce net income by £40k for the year ended 31 August 2015 because previous UK GAAP led to the recognition of finance income calculated by reference to the expected returns on the pension plan's specific assets be they equities, properties or bonds. The change has had no effect on reported net funds as the measurement of the net defined pension scheme liability (or asset) has not changed. Instead, the decrease in net income is mirrored by an increase in actuarial gains which are presented within other gains and losses.

ii) Expenditure comparatives for the year ended 31 August 2015 have been restated under the Charities SORP (FRS 102) for £3.2k of governance costs, which were previously disclosed separately on the SOFA. Under the Charities SORP (FRS 102), governance costs are included under support costs and allocated across the other categories of expenditure.

c) Critical accounting judgements and estimations

In preparing the financial statements, the trustees are required to make estimates and judgements. The items in the financial statements where these judgments and estimates have been made include:

(i) Actuarial assumptions in respect of defined benefit pension schemes

Actuarial valuations of defined benefit pension schemes are incorporated in the financial statements in accordance with FRS 102. The actuarial valuation process involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long term nature of these plans, such estimates are subject to significant uncertainty. In applying FRS 102, advice is taken from independent qualified actuaries.

(ii) Bad debts - The estimate for receivables relates to the recoverability of the balances outstanding at the year end. A review is performed on an individual debtor basis to consider whether each debt is recoverable.

(iii) Accruals - The estimate for payables relates to the liabilities not settled at the year end. A review is performed on an individual creditor basis to estimate the amount will be collected.

d) Cash flow statement

As a qualifying entity (for the purposes of FRS 102 Section 1A, 'Small entities'), the charitable company has taken advantage of the reduced disclosure framework exemption from requirement to prepare a statement of cash flows.

e) Charitable expenditure

Expenditure is included on an accruals basis. The irrecoverable element of VAT is included with the item of expense to which it relates. Within the Statement of Financial Activities, charitable expenditure is split between expenditure on charitable activities and expenditure on raising funds.

Where costs cannot be directly attributed to particular headings they have been allocated to activities on a fair basis. In compliance with Charities SORP (FRS 102) indirect costs, including central support and governance costs, are allocated across the charitable activities.

1 Principal Accounting Policies (continued)

f) Financial instruments

The Charity only has financial assets and liabilities of a kind which qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

Trade and other debtors are recognised at transaction price, less any impairment. Prepayments are valued at the amount prepaid net of any trade discounts due.

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

Creditors and provisions are recognised when the Charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

g) Pension scheme arrangements

The League contributes to one defined benefit pension scheme, the Educational Exchanges Pension Scheme. This Scheme closed on 31 March 2005 creating a curtailment loss.

Pension assets and liabilities are recorded in line with FRS 102, with scheme valuations undertaken by independent actuaries. FRS 102 measures the value of pension assets and liabilities at the balance sheet date and determines the benefits accrued in the year and the interest on assets and liabilities.

Current service costs, together with the net interest cost for the year, are allocated to relevant expenditure headings within the SOFA.

Scheme assets are measured at fair value at the balance sheet date. Scheme liabilities are measured on an actuarial basis at the balance sheet date using the projected unit method and discounted at a rate equivalent to the current rate of return on a high-quality corporate bond of equivalent term to the scheme liabilities.

The change in value of assets and liabilities arising from asset valuation, changes in benefits, actuarial assumptions, or change in the level of deficit attributable to members is recognised in the statement of financial activities within actuarial gains/(losses) on defined benefit pension schemes.

The resulting defined benefit asset or liability is presented separately on the face of the balance sheet. The Charity recognises assets for its defined benefit pension schemes to the extent that they are considered recoverable through reduced contributions in the future, or

h) Fund Accounting

Unrestricted funds are those which the Trustees are free to use in accordance with the charitable objectives.

Designated funds are unrestricted funds set aside by the Trustees for a particular purpose. The purpose of each designated fund is set out in the notes to the financial statements.

2 Expenditure

Expenditure on charitable activities:

Charitable activities	
Other expenditure	
Cost of generating funds	

Year to 31 August 2016 £	Year to 31 August 2015 £
15,010	13,329
	(1,398)
<u>15,010</u>	<u>11,931</u>

3 Net expenditure

Net income / (expenditure) is stated after charging:

Actuarial valuation	
Audit fees	
Audit of pension scheme	

Year to 31 August 2016 £	Year to 31 August 2015 £
4,250	6,769
3,216	3,180
3,375	3,240

4 Debtors

Amounts due from parent company

At 31 August 2016 £	At 31 August 2015 £
76,549	89,966
<u>76,549</u>	<u>89,966</u>

5 Creditors: Amounts falling due within one year

Trade creditors	
Accruals and deferred income	

At 31 August 2016 £	At 31 August 2015 £
500	-
10,841	13,190
<u>11,341</u>	<u>13,190</u>

6 Reserves

Unrestricted funds

Designated funds	
Total unrestricted funds	

Total funds excluding defined benefit pension liabilities

At 31 August 2015 £	Expenditure £	At 31 August 2016 £
95,283	12,010	83,273
<u>95,283</u>	<u>12,010</u>	<u>83,273</u>
<u>95,283</u>	<u>12,010</u>	<u>83,273</u>

Designated funds comprise the realised income on the sale of an Investment property, 121 Kenington Park Road. This has been set aside to fund any future liabilities from defined benefit pension scheme (Note 9).

7 Staff costs and transactions with Trustees and connected parties

There have been no employees since June 2011.

No Trustees were remunerated or reimbursed expenses during the year or prior year.

Amounts due from Education Development Trust are disclosed in note 4. There are no other related party transactions which require disclosure.

8 Analysis of net assets between funds

	Designated £	General Funds £	Total £
Current assets	83,273	11,341	94,614
Creditors: due within one year	-	(11,341)	(11,341)
Net liability on defined benefit pension scheme	-	(650,000)	(650,000)
Total net assets	83,273	(650,000)	(566,727)

9 Defined benefit pension scheme

The company operates a defined benefit pension scheme that was closed to future accrual in 2005.

The total amount of contributions in respect of the year for the Company was £nil (2014/15:£120,000). The pension cost for the scheme was assessed in accordance with the advice of independent qualified actuaries. The contributions paid are amounts agreed as necessary to fund the deficit within the scheme during the agreed recovery period on an on-going basis.

Derivation of figures

The figures have been derived by approximate methods from the full actuarial valuation carried out by Pension Capital Strategies Ltd as at 1 April 2015.

<u>Assumptions</u>	2015/16	2014/15
RPI	3.00%	3.30%
CPI	N/A	N/A
Salary increases pa	N/A	N/A
Pension increases pa	3.00%	3.30%
Discount Rate pa	2.10%	3.70%

Mortality assumptions are based on 100% of the PCA00 series tables with CMI_2012 (1.5%).

9 Defined Benefit Pension Scheme (continued)

	2015/16 £'000	2014/15 £'000
<u>Composition of assets and liabilities</u>		
Insurance policy	2,135	2,478
Plan assets at fair value	2,135	2,478
Present value of funded liabilities	(2,785)	(2,518)
Net liability	(650)	(40)
<u>Reconciliation of present value of liabilities</u>		
Opening present value of liabilities	2,518	2,419
Interest cost	86	91
Net benefits paid out	(417)	(46)
Actuarial (gains)/losses	598	54
Closing present value of liabilities	2,785	2,518
<u>Reconciliation of fair value of assets</u>		
Opening fair value of assets	2,478	2,234
Interest income	84	86
Remeasurement gains / (losses):		
Return on scheme assets excluding interest income	(9)	85
Contributions by the employer	-	120
Net benefits paid out	(417)	(46)
Administration expenses	(1)	(1)
Closing fair value of assets	2,135	2,478
<u>Amounts recognised in the balance sheet</u>		
Fair value of plan assets	2,135	2,478
Present value of plan liabilities	(2,785)	(2,518)
Net liability	(650)	(40)
<u>Return on assets</u>		
Actual return on assets	75	171
<u>Amounts recognised in the SOFA:</u>		
Administrative expenses	1	1
Net interest on defined benefit liability	2	5
Expense recognised	3	6
<u>Analysis of actuarial loss recognised within the SOFA gains and losses category</u>		
Actual return less interest income included in net interest income	(9)	85
Changes in assumptions underlying the present value of the scheme liabilities	(598)	(54)
Total actuarial losses	(607)	31

10 Ultimate Parent Company and Ultimate Controlling Party

The parent and group that includes LECT in its results is Education Development Trust. The Trustees regard Education Development Trust, a company limited by guarantee and a charity (registered charity number 270901), as the ultimate parent company and ultimate controlling party. Copies of the parent's consolidated financial statements may be obtained from Highbridge House, 16-18 Duke Street, RG1 4RU.