

LEAGUE FOR THE EXCHANGE OF COMMONWEALTH TEACHERS

ANNUAL REPORT

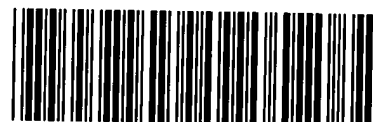
AND

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2018

Charity No. 1089920

TUESDAY



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COMPANIES HOUSE

Company No. 4294081

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TRUSTEES' REPORT

The Trustees present their report together with the audited financial statements for the year ended 31st August 2018.

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.

Trustees are appointed by the Board of Education Development Trust, a charity (registered no. 270901) and a company limited by guarantee (company no. 894179), the sole member of LECT.

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 no longer has any trading activity. In the year ended 31 August 2018, 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 the Charity Governance Code.

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

LECT has ceased all trading activities.

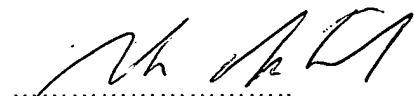
At 31 August 2018, the general reserve, excluding designated funds and pension reserve was £nil (2017: £nil). The Charity held designated funds of £9,912 (2017: £7,448) at the end of the financial year. The designated fund relates to the proceeds of sale of the Charity's only investment property, which 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 was net income of £22,464 (2017: net expenditure of £29,825) before actuarial gains on the defined benefit pension scheme. This is due to income from Education Development Trust to pay pension deficit contributions offset by net interest cost on the pension liabilities and governance costs.

The value of the Educational Exchanges Pension Scheme, the defined benefit scheme, has moved in the year from a deficit of £120,000 to an asset of £19,000 (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



M Nichol

Date:

5/12/18

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

Opinion

We have audited the financial statements of The League for the Exchange of Commonwealth Teachers ("the Charitable Company") for the year ended 31 August 2018 which comprise the statement of financial activities, the balance sheet 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 Charitable Company's affairs as at 31 August 2018 and of its incoming resources and application of resources for the year 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.

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 Auditor's 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 relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Charitable Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the Annual Report and financial statements, other than the financial statements and our auditor's report thereon. The other information comprises The Trustees' Report. 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, which is included in the Trustees' Report, has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Charitable Company and its environment obtained in the course of the audit, we have not identified material misstatement in the Trustees' report.

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; or
- were not entitled to 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 Board of Trustees' responsibilities statement, the Trustees (who are also the directors of the charitable 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, and for such internal control as the Trustees determines 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 Charitable 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 Charitable Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 144 of the 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 auditor's 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.

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's ("FRC'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 Charitable Company'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 Charitable Company and the Charitable Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

BDO LLP

Fiona Condon, Senior Statutory Auditor
for and on behalf of BDO LLP, statutory auditor
Gatwick
United Kingdom

Date: *7 December 2018*

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 2018



	Note	Year ended 31 August 2018 Total £	Year ended 31 August 2017 Total £
Income			
Other income		60,000	-
Total Income		<u>60,000</u>	<u>-</u>
Expenditure			
<u>Expenditure on charitable activities:</u>			
Charitable activities		(37,536)	(29,825)
Total Expenditure	2	<u>(37,536)</u>	<u>(29,825)</u>
Net income / (expenditure)		22,464	(29,825)
Other Recognised Gains and Losses			
Actuarial gain on defined benefit pension schemes	9	<u>119,000</u>	<u>484,000</u>
Net movement in funds		<u>141,464</u>	<u>454,175</u>
Balance brought forward at 1 September		(112,552)	(566,727)
Balances carried forward at 31 August		<u><u>28,912</u></u>	<u><u>(112,552)</u></u>

The notes on pages 9 to 13 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 2018



	Note	As at 31 August 2018 £	As at 31 August 2017 £
CURRENT ASSETS			
Debtors	4	9,912	1,437
Cash at bank and in hand		-	17,951
		<u>9,912</u>	<u>19,388</u>
CURRENT LIABILITIES			
Creditors	5	-	(11,940)
Net current assets		<u>9,912</u>	<u>7,448</u>
 Net asset / (liability) on defined benefit pension scheme	9	19,000	(120,000)
NET ASSETS / (LIABILITIES)		<u>28,912</u>	<u>(112,552)</u>
 CHARITABLE FUNDS			
Designated funds	6	<u>9,912</u>	<u>7,448</u>
Total funds excluding pension reserve		9,912	7,448
Pension reserve	9	19,000	(120,000)
TOTAL FUNDS		<u>28,912</u>	<u>(112,552)</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 9 to 13 form part of these accounts.

The financial statements on pages 7 to 13 were approved by the Trustees on 5 Dec 2018 and signed on their behalf by:

A handwritten signature in black ink, appearing to read 'M Nichol'.

M Nichol
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 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) 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.

c) Going Concern

The Charity is dependent on the continued financial support of its parent undertaking, Education Development Trust (see Trustees' Report for further detail). The accounts of the Charity have been prepared on a going concern basis as the parent Company has indicated it will continue to give the support required for the foreseeable future.

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.

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 through refunds from the scheme.

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

Year to 31 August 2018	Year to 31 August 2017
£	£
37,536	29,825
<u>37,536</u>	<u>29,825</u>

3 Net expenditure

Net income / (expenditure) is stated after charging:

	Year to 31 August 2018	Year to 31 August 2017
	£	£
Actuarial valuation	-	5,100
Audit fees	-	3,300
Audit of pension scheme	-	3,540

4 Debtors

Amounts due from parent company

At 31 August 2018	At 31 August 2017
£	£
9,912	1,437
<u>9,912</u>	<u>1,437</u>

5 Creditors: Amounts falling due within one year

Accruals and deferred income

At 31 August 2018	At 31 August 2017
£	£
-	11,940
<u>-</u>	<u>11,940</u>

6 Reserves

Unrestricted funds

	At 31 August 2017	Expenditure	At 31 August 2018
	£	£	£
Designated funds	7,448	(2,464)	9,912
Total unrestricted funds	<u>7,448</u>	<u>(2,464)</u>	<u>9,912</u>
Total funds excluding defined benefit pension liabilities	<u>7,448</u>	<u>(2,464)</u>	<u>9,912</u>

Designated funds comprise the realised income on the sale of an Investment property, 121 Kennington Park Road. This has been set aside to fund any future liabilities from the 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	9,912	-	9,912
Creditors: due within one year	-	-	-
Net surplus on defined benefit pension scheme	-	19,000	19,000
Total net assets	9,912	19,000	28,912

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 £68,000 (2016/17:£60,000). 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.

	2017/18	2016/17
Assumptions		
RPI	3.40%	3.40%
CPI	N/A	N/A
Salary increases pa	N/A	N/A
Pension increases pa	3.20%	3.20%
Discount Rate pa	2.60%	2.50%

Mortality assumptions are based on 100% of the PCA00 series tables with CMI_2017 (1.25%).

9 Defined Benefit Pension Scheme (continued)

	2017/18 £'000	2016/17 £'000
<u>Composition of assets and liabilities</u>		
Insurance policy	2,179	2,044
Plan assets at fair value	2,179	2,044
Present value of funded liabilities	(2,160)	(2,164)
Net defined benefit asset/(liability)	19	(120)
<u>Reconciliation of present value of liabilities</u>		
Opening present value of liabilities	2,164	2,785
Interest cost	54	55
Net benefits paid out	(7)	(331)
Actuarial (gains)/losses	(51)	(345)
Closing present value of liabilities	2,160	2,164
<u>Reconciliation of fair value of assets</u>		
Opening fair value of assets	2,044	2,135
Interest income	51	42
Remeasurement gains / (losses):		
Return on scheme assets excluding interest income	68	139
Contributions by the employer	60	60
Other contributions	8	-
Net benefits paid out	(7)	(331)
Administration expenses	(45)	(1)
Closing fair value of assets	2,179	2,044
<u>Return on assets</u>		
Actual return on assets	119	181
<u>Amounts recognised in the SOFA:</u>		
Administrative expenses	45	1
Net interest on defined benefit liability	3	13
Expense recognised	48	14
<u>Analysis of actuarial gain / (loss) recognised within the SOFA gains and losses category</u>		
Actual return less interest income included in net interest income	68	139
Experience gains and losses arising on the scheme liabilities	(57)	58
Changes in assumptions underlying the present value of the scheme liabilities	108	287
Total actuarial gains/ (losses)	119	484

During the year £8k was released to the fund by a bank account controlled by the fund. This has been classified as 'Other contributions'.

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 (company registration number 867944) and a charity (registered charity number 270901), as the ultimate parent company and ultimate controlling party. The principal objective of Education Development Trust is to advance education for the public benefit by providing evidence-based sustainable solutions that transform lives through education. Copies of the parent's consolidated financial statements may be obtained from Highbridge House, 16-18 Duke Street, RG1 4RU.