



Grant Thornton

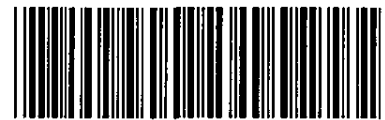
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# Consolidated Financial Statements EMLC

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For the year ended 31 March 2008

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Company No. 4813638  
Charity No. 1101512

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## Company information

**Chairman:** Mr G Gyte

**Trustees:** Mr D J Bateson  
Dr G Berwick (appointed 5 July 2007)  
Mr M S Eaves (appointed 27 April 2007)  
Mr E J Hayes  
Dr M D Sanderson \*  
Mr B Sangha (appointed 27 April 2007)

**Company Secretary:** Ian Jeffery

**The Executive:**

- **Chief Executive** Jan Marshall
- **Business Development** Rob Bollington
- **Delivery** Jane Thomas
- **Commercial** Ian Jeffery

**Registered office:** 36 Duncan Close  
Moulton Park  
NORTHAMPTON  
NN3 6WL

**Solicitors** Bates, Wells & Braithwaite London LLP  
2 - 6 Cannon Street  
LONDON  
EC4M 6YH

**Auditor:** Grant Thornton UK LLP  
Registered Auditors  
Chartered Accountants  
Kettering Parkway  
KETTERING  
Northants  
NN15 6XR

## Company information

**Bankers:**

National Westminster Bank plc  
The Drapery Branch  
41 The Drapery  
NORTHAMPTON  
NN1 2EY

Bank of Scotland  
600 Gorgie Road  
EDINBURGH  
EH11 3XP

(\* Chair of Finance and HR Committee).

## Report of the trustees

### **Structure, Governance and Management**

EMLC is a company limited by guarantee and governed by a Memorandum and Articles of Association. It is registered as a charity with the Charity Commission.

#### **Appointment of trustees**

The Articles of Association provide that:

There shall be at least three and up to ten Trustees including an Independent Chair.

Trustees shall be appointed by resolution of the Board of Trustees for an initial term of three years renewable by resolution of the Trustees.

In selecting Trustees, the Trustees shall seek a balance of skills and experience on the Board with an emphasis on individuals who have a national standing in their field. At least two Trustees should have particular knowledge and/or experience in the field of education.

The maximum continuous period of office for all Trustees will be six consecutive years. Any Trustee who has served for six consecutive years may serve again but only after a break of one year.

#### **Trustee induction and training**

New Trustees are briefed on their legal obligations under charity law and the contents of the Memorandum and Articles of Association. They are also introduced to the committee system and are given an outline of the financial situation of the charitable group. In addition, each new Trustee is supplied with a handbook which contains the policies of the charitable group together with its strategic plan.

Trustees take part in staff update days and attend candidate based activities.

#### **Organisation**

The Board of Trustees administers the charitable group. The Board meets quarterly and there are two sub-committees covering policies and finance together with human resources. A Chief Executive is appointed by the Trustees to manage the day to day operations of the charitable group. To facilitate effective operations the Chief Executive has delegated authority, within terms of delegation approved by the Trustees, for operational matters including finance, employment and contract identification and negotiation.

A subsidiary undertaking, Third Wave Enterprises Limited was incorporated on 11 May 2007 and is fully owned by EMLC. The results for the year are incorporated into these financial statements. Since this is the first period that the results of the subsidiary have been consolidated, no group results for the year to 31 March 2007 or group balance sheet at that date have been presented.

The principal activity of Third Wave Enterprises Limited per the Memorandum of Association is to carry on business as a general commercial company to procure profits and gains for the purpose of paying them to EMLC or any other charitable body which succeeds to its charitable purpose.

## Risk management

The charitable group has continued to strengthen its infrastructure with the appointment of more operational staff together with the introduction of additional policies and procedures. A risk management policy is in place which incorporates an annual review of the risks the charitable group may face. Both financial and non-financial key risks have been considered by the Trustees and in their opinion adequate systems are in place to mitigate those risks.

## Objectives and activities

EMLC is an independent charitable group designed to promote leadership in education. The charitable group works closely with Local Authorities, universities, diocesan and private organisations with an interest in leadership development and these organisations are represented on the Board of Trustees.

The objects of the charitable group are - 'the advancement of education, in particular (without prejudice to the generality) by promoting, improving and developing education leadership in schools, local education authorities and other organisations supporting or providing education regionally, nationally or internationally'.

Currently there is much emphasis being placed on the importance of leadership development for all levels of school leadership. EMLC enjoys close links with major organisations involved in school leadership matters including the Department for Children, Schools and Families (DCSF), National College for School Leadership (NCSL) and the Training and Development Agency (TDA) and Local Authorities (LAs) through its contracts to deliver leadership programmes.

The charitable group has strong links with other organisations involved in leadership matters and meets with them on a regular basis.

The charitable group continues to develop its own leadership programmes and activities and has a policy of bidding for relevant contracts for leadership development. We are committed to a process of research and needs identification, design and delivery.

## Our values

At the heart of our values is a commitment to working collaboratively and in partnership. We believe in distributed leadership within a framework of clear aims and individual accountability. We are committed to working with our partners to make a real difference to leadership development.

EMLC exists to:

- Provide coherence for leadership development
- Support world class leadership in schools
- Respond to changing needs
- Deliver increased leadership understanding and transform leadership in schools

Leading to:

- Excellent, motivated individuals leading schools with all the support they want and need

So delivering:

- Radical improvements in education

## Achievements and performance

We work to contribute to the effectiveness of leadership in education.

### Our clients

In 2007/2008 the charitable group worked with schools, universities and LAs, national and local organisations and diocesan authorities to take the leadership development agenda forward. Our major clients were the NCSL, DCSF, TDA, the LAs in the East Midlands region and the participants on our leadership programmes and activities.

### Specific activities

Programmes and courses delivered during the year are as follows:

#### NPQH

(National Professional Qualification for Headship) - this programme generated over 360 candidates during the year. The programme provides training and development for people aiming to become heads. It includes assessment procedures designed to test readiness for headship and is now mandatory for new head teachers.

#### CSBM

(Certificate of School Business Management) - this programme generated some 150 participants in the year under review. The programme is aimed at all school business managers or administrative officers regardless of school size and provides them with quality training and assessment. A further qualification **DSBM** (Diploma in School Business Management) is also available and during the year we had 41 candidates take part in this particular activity.

#### LftM

(Leading from the Middle) - this is a three-term professional development programme for small teams of subject leaders in primary, secondary and special schools. The programme offers a blended learning experience by including a range of face-to-face sessions, online activities and a school-based project, to deliver its aims. During the year we had approximately 600 participants.

#### TDA

(National Remodelling Team) - this initiative was established by the then DfES and is designed to support schools in finding their own solutions to their own individual issues and to share learning and ideas with other schools. In particular the Remodelling Team is there to assist schools as they implement the National Agreement which was agreed between Government, employers and the school workforce in 2003. This provision was transferred to the TDA (Training and Development Agency) and we now work with that body in delivering this initiative.

#### NPSL-BA

(The National Programme for Specialist Leaders in Behaviour and Attendance)

We led work in the region on the pilot for NPSL-BA on behalf of the DfES. The NPSL-BA Programme was developed by the DCSF and key partners such as EMLC to provide an exciting opportunity to give professional status to behaviour and attendance specialists. Our work has involved a wide range of staff working in this area.

NPSL-BA aims to:

- Strengthen participants' practical and theoretical knowledge
- Develop their leadership skills
- Build a professional community of specialists in this field.

**LSPS**

(Leading Small Primary Schools) - this programme is aimed at the particular needs of those involved in the leadership of small primary schools. During the year we commenced the second phase of a national roll-out for this programme and we had responsibility for all of the regions involved in this phase of the roll-out.

**City & Guilds**

EMLC is a City & Guilds accredited Assessment Centre for the Programme for Specialist Leaders of Behaviour and Attendance. There are a growing number of specialists in this area of work. Candidates are drawn from varied settings encompassing mainstream and special schools, primary and secondary settings and from support services. During the year 36 candidates engaged on this programme.

**Early Headship Provision (EHP)**

We offer this provision across the East, East Midlands and West Midlands. This is a flexible grant based provision designed to help new head teachers access activities which relate to their own development needs.

**New Visions**

This programme is part of the EHP activity and as such is aimed at recently appointed head teachers. We attracted 110 candidates during the year under review. The programme provides the opportunity for school leaders to learn as members of communities of practice and hence offers a means of engaging with, learning from and contributing to the practice of other new heads.

**Established Leaders**

This is a specialist programme which we designed for the National College for School Leadership and is tailored to the needs of senior staff in Catholic schools. This is an example of the personalisation of provision to school leaders. The programme provides an exciting opportunity to engage in high quality and highly relevant leadership development. We have worked with colleagues from the Catholic sector on the design of the programme to ensure it meets the needs of deputies, assistant heads and other experienced school leaders in Catholic schools.

**Leadership Pathways**

EMLC is providing Leadership Pathways on behalf of NCSL in the East Midlands and the East. Leadership Pathways offers flexible, continuing professional development that school leaders can personalise to their needs. The programme sits between Leading from the Middle and NPQH and is ideal for experienced school leaders moving towards senior leadership. This new provision attracted 670 candidates in the first year of its operation.

**Third Wave Enterprises Ltd**

2007/2008 represented the first period of trading for the subsidiary company. During this period the company worked with the TDA, Local Authorities and individuals providing a range of advisory and training services.

**Performance against plans**

We have been very focused in trying to ensure that we work to outcomes. During the period under review we have commenced trading through the subsidiary company, extended our reach beyond the East Midlands, designed new programmes and activities, being successful in bidding and attracted new trustees to the Board.



**Financial review**

Total incoming resources amounted to £3.997m (2007 - £3.182m) with costs expended of £3.646m (2007 - £2.886m).

Whilst the charitable group operated profitably, generating an operating surplus of £350k, a major impact on the reserves carried forward was the adverse movement in the pension scheme deficit. As a result the charitable group's balance sheet will not reflect the full effect of the ongoing positive financial performance achieved.

The total pension deficit is £460k (2007 - £193k). This large movement results from two main factors:

- in line with all other pension funds the parameters applied by the actuary valuing the pension fund (notably, mortality rate assumptions) have become more stringent
- we believe that there was a fundamental error in the previous actuarial calculations, which has only come to light this year. The error was not to include all employees in the scheme when providing the Trustees with the information required to prepare the financial statements. The financial impact of this error is to increase the deficit by £220k over that which should have been recorded in the prior year financial statements. As a consequence, the financial statements reflect a prior year adjustment (as required by Financial Reporting Standards) of £220k in order to give a true and fair view. The Trustees are considering this situation and whether any further action should be taken.

The charitable group is not required to pay the deficit directly but will, and is able, to pay into the fund the pre-set annual contributions. The pension scheme is administered, as a multi-employer scheme by local government.

The Trustees accept that the reported deficit disclosure is an accounting requirement of Financial Reporting Standard 17: Retirement Benefits (FRS 17) but are encouraged to note that the true underlying deficit (based on an Actuarial Report as at 31 March 2007) amounts to a significantly lesser amount of £184k.

**Investment policy and returns**

Under the Memorandum and Articles of Association the Trustees have the power to invest monies not immediately required for the purposes of the charitable group in such investments as may be thought fit. Surplus funds are held in interest bearing accounts as the Trustees wish to keep funds liquid.

**Reserves policy**

It is the long term policy of the charitable group to work towards unrestricted funds which are the free reserves of the charitable group at a level which equates to not less than approximately 12 months expenditure. The interim target is to have free reserves of not less than approximately 9 months expenditure. This provides sufficient funds to cover management and administration and support costs and to respond to emergency applications for grants which arise from time to time.

At 31 March 2008 free reserves stood at £1,399,901 (unrestricted funds excluding fixed assets and pension reserve).

## **Future plans**

By promoting, regionally, nationally or internationally, improving and developing education leadership in schools, Local Authorities and other organisations, in order to meet our primary objective, the advancement of education, it is our intention during the year 2008/2009 to put in place the following:

### **EMLC**

- a range of contracted leadership programmes for the National College for School Leadership (NCSL) and other contractors
- the provision of the graduation process across England for the redesigned National Professional Qualification for Headship for NCSL
- collaborative work with successful school leaders
- research and disseminated case studies and other information to support school leaders
- additional face-to-face and online services to support school leaders

### **Third Wave Enterprises Ltd**

- services to develop organisations through developing their people based on a defined and distinctive approach to consultancy
- provision of self-assessment tools
- a well developed coaching service
- a role in developing skills
- a reputation for thought leadership
- raising pupils achievement through leadership in schools

## **Responsibilities of the Trustees for the financial statements**

The Trustees (who are also directors of EMLC for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the charitable group and the incoming resources and application of resources of the charitable group for the year. In preparing those financial statements, the Trustees are required to:

- select suitable accounting policies and apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable accounting standards and statements of recommended practice 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 charitable group 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 charitable group and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the charitable group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Financial statements for the year ended 31 March 2008**

In so far as the Trustees are aware:

- there is no relevant audit information of which the charitable group's auditors are unaware and;
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information on the charitable group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

**Donations**

Donations to charitable organisations amounted to £500 (2007 - £228).

**Auditor**

Grant Thornton UK LLP offer themselves for reappointment as auditor in accordance with Section 385 of the Companies Act 1985.

**Exemption statement**

The report of the Trustees has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

This report was approved by the Board on 1 October 2008 and signed on its behalf by:



G Gyte  
Chairman

1 OCTOBER 2008



## Report of the independent auditor to the members of EMLC

We have audited the financial statements of the group and the charitable company of EMLC for the year ended 31 March 2008 which comprise the principal accounting policies, the consolidated statement of financial activities, the consolidated balance sheet, the charitable company balance sheet and notes 1 to 15. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the charitable company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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.

### **Respective responsibilities of Trustees and auditor**

The Trustees are also the directors of EMLC for the purposes of company law. Their responsibilities for preparing the Trustees' report and the financial statements in accordance with United Kingdom law and accounting standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of Trustees' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view are properly prepared in accordance with the Companies Act 1985 and whether the information given in the Trustees' report is consistent with the financial statements. We also report to you if, in our opinion, the charitable company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Trustees' remuneration and other transactions is not disclosed.

We read the Trustees' report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

### **Basis of opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charitable group's circumstances, consistently applied and adequately disclosed.



## Report of the independent auditor to the members of EMLC

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### Opinion

In our opinion:

- the financial statements give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's and the charitable company's affairs as at 31 March 2008 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the 'Trustees' Report is consistent with the financial statements for the year ended 31 March 2008.

GRANT THORNTON UK LLP  
REGISTERED AUDITOR  
CHARTERED ACCOUNTANTS

**Kettering**  
**16 January 2009**

## Principal accounting policies

### Basis of preparation

The financial statements are prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2007). In addition, the financial statements have been prepared in accordance with the Statement of Recommended Practice "Accounting and Reporting by Charities" (SORP 2005) issued in March 2005, applicable UK accounting standards and the Companies Act 1985.

### Basis of consolidation

These financial statements consolidate the results of the charitable company and its wholly owned subsidiary, Third Wave Enterprises Limited, on a line by line basis. A separate statement of financial activities and income and expenditure account are not presented by the charitable company itself following the exemptions afforded by Section 230 of the Companies Act 1985 and paragraph 397 of the SORP.

### Company status

EMLC is a company limited by guarantee. The members of the charitable company are the Trustees named on page 2. In the event of the charitable company being wound up, the liability in respect of the guarantee is limited to £1 per member of the charitable company.

### Cash flow statement

The charitable group is entitled to the exemption from preparing a cash flow statement.

### Fund accounting

Other charitable funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the charitable group and which have not been designated for other purposes.

### Incoming resources

All incoming resources are included with the SOFA when the charitable group is legally entitled to the income and the amount can be quantified with reasonable accuracy.

Income received in advance is held within the balance sheet until candidates have completed the appropriate stage of the course. This is required as there is an obligation to repay the relevant proportions of income or provide the services at a later date if the candidate does not complete the course.

### Resources expended

All expenditure is accounted for on an accruals basis and has been 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 use of the resources.

Governance costs comprise all costs incurred in Trustees' meetings, statutory audit and staff time spent on these categories.

**Stock**

Stock is stated at the lower of cost and net realisable value.

**Tangible fixed assets and depreciation**

Tangible fixed assets are included at cost.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost on a straight line basis over the expected useful economic lives as follows.

Computer equipment	25% straight line
Fixtures and fittings	25% straight line

**Retirement benefits****Defined Contribution Pension Scheme**

The pension costs charged against net incoming resources are the contributions payable to the scheme in respect of the accounting period.

**Defined Benefit Pension Scheme**

Scheme assets are measured at fair values. Scheme liabilities are measured on an actuarial basis using the projected unit method and are discounted at the appropriate high quality corporate bond rates. The net surplus or deficit is presented separately from other net assets on the balance sheet. A net surplus is only recognised to the extent that it is recoverable by the charitable group.

The current service cost and costs from settlements and curtailments are charged to resources expended. Post service costs are spread over the period until the benefit increases vest. Interest charged on the scheme liabilities and the expected return on scheme assets are included in other finance costs. Actuarial gains and losses are reported in the Statement of Financial Activities.

## Consolidated statement of financial activities (including income and expenditure account)

	Note	Unrestricted funds Group total 2008 £	Unrestricted funds Group total (as restated) 2007 £
<b>Incoming resources</b>			
Incoming resources from charitable activities	2	3,829,410	3,110,043
Activities for generating funds :			
Commercial trading operations	3	33,474	-
Investment income	4	133,747	71,779
Total incoming resources		<u>3,996,631</u>	<u>3,181,822</u>
<b>Resources expended</b>			
Costs of generating funds:			
Commercial trading operations		49,549	-
Charitable activities		3,523,134	2,828,210
Governance costs		86,531	69,407
Finance costs		<u>(13,000)</u>	<u>(12,000)</u>
Total resources expended	5	<u>3,646,214</u>	<u>2,885,617</u>
<b>Net incoming resources before other recognised gains and losses and net income and expenditure</b>		350,417	296,205
<b>Other recognised gains and losses</b>			
Actuarial losses on defined benefit pension scheme		<u>(263,000)</u>	<u>(229,000)</u>
Net movement in funds		<u>87,417</u>	<u>67,205</u>
Balance at 1 April 2007		<u>945,865</u>	<u>878,660</u>
<b>Balance at 31 March 2008</b>		<u><u>1,033,282</u></u>	<u><u>945,865</u></u>

All of the activities of the charitable group are classed as continuing.

There were no other recognised gains or losses in the year.

**The accompanying accounting policies and notes form part of these financial statements.**



## Consolidated balance sheet

	Note	£	Group total 2008 £
<b>Fixed assets</b>			
Tangible assets	8		93,381
<b>Current assets</b>			
Stocks		3,000	
Debtors	10	583,098	
Cash at bank and in hand		<u>2,096,382</u>	
		2,682,480	
<b>Creditors: amounts falling due within one year</b>	11	<u>(1,282,579)</u>	
<b>Net current assets</b>			1,399,901
Pension deficit	15		<u>(460,000)</u>
Total assets after pension deficit			<u><u>1,033,282</u></u>
<b>Funds</b>			
Unrestricted funds:			
Other charitable funds			<u><u>1,033,282</u></u>

The financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2007).

The financial statements were approved by the Trustees on 1 October 2008 and signed on their behalf by:



G Gyte  
Chairman



J Marshall  
CEO

The accompanying accounting policies and notes form part of these financial statements.

## Charitable company balance sheet

	Note	2008 £	2007 (restated) £
<b>Fixed assets</b>			
Tangible assets	8	44,131	62,716
Investments	9	<u>1</u>	<u>-</u>
		44,132	62,716
<b>Current assets</b>			
Debtors	10	606,361	739,565
Cash at bank and in hand		<u>2,080,210</u>	<u>2,008,208</u>
		2,686,571	2,747,773
<b>Creditors: amounts falling due within one year</b>	11	<u>(1,221,347)</u>	<u>(1,671,624)</u>
<b>Net current assets</b>		1,465,224	1,076,149
Pension deficit	15	<u>(460,000)</u>	<u>(193,000)</u>
<b>Total assets after pension deficit</b>		<u><u>1,049,356</u></u>	<u><u>945,865</u></u>
<b>Funds</b>			
Unrestricted funds:			
Other charitable funds		<u><u>1,049,356</u></u>	<u><u>945,865</u></u>

The financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2007).

The financial statements were approved by the Trustees on 1 October 2008 and signed on their behalf by:



G Gyte  
Chairman



J Marshall  
CEO

The accompanying accounting policies and notes form part of these financial statements.

## Notes to the financial statements

### 1 Prior year adjustment

As described in The Report of the Trustees, the prior years' results have been adjusted to reflect an increase in the defined pension scheme deficit (as prescribed by FRS 17) amounting to £220,000. This has arisen following a fundamental error in the data provided, whereby not all employees had been included in the previous actuarial valuation when calculating the year end scheme surplus/deficit. The Trustees have agreed that it is prudent to include this revision but are also considering this situation and whether any further action should be taken.

### 2 Activities in furtherance of the charitable company's objects

	Group Unrestricted funds 2008 £	Group Unrestricted funds 2007 £
Incoming resources from charitable activities		
Regional programmes	<u>3,829,410</u>	<u>3,110,043</u>

### 3 Activities for generating funds

	Group Unrestricted funds 2008 £	Group Unrestricted funds 2007 £
Trading activities	<u>33,474</u>	<u>-</u>

### 4 Investment income

	Group Unrestricted funds 2008 £	Group Unrestricted funds 2007 £
Bank interest receivable	<u>133,747</u>	<u>71,779</u>

## 5 Analysis of total resources expended

	Charitable activities		Activities for generating funds		Governance costs	Finance costs	Group unrestricted funds 2008	Group unrestricted funds 2007
	Direct	Support	£	£	£	£	£	£
Subsidiary company commercial trading	-	-	-	49,549	-	-	49,549	-
Delivery of services	1,934,632	-	-	-	-	-	1,934,632	1,602,493
Travel	26,051	16,428	-	-	-	-	42,479	39,597
Staff	634,951	394,873	-	-	53,548	(13,000)	1,070,372	857,699
Training and welfare	16,268	39,188	-	-	-	-	55,456	25,582
Rent, rates and insurance	29,483	41,198	-	-	-	-	70,681	71,892
Printing, stationery and communication	61,374	15,344	-	-	-	-	76,718	58,010
Legal and professional	-	39,987	-	-	4,034	-	44,021	11,802
Audit	-	-	-	-	8,813	-	8,813	9,946
Research, marketing and advertising	174,566	5,321	-	-	-	-	179,887	113,328
Office	16,912	29,737	-	-	-	-	46,649	38,476
Bank charges	-	2,107	-	-	-	-	2,107	1,755
Trustees' costs	-	-	-	-	18,786	-	18,786	12,117
Depreciation	24,563	20,151	-	-	1,350	-	46,064	42,920
	2,918,800	604,334	49,549	86,531	(13,000)	3,646,214	2,885,617	

Support costs have been allocated either on a usage or per-capita basis.

**5 Analysis of total resources expended (continued)**

	Group 2008 £	Group 2007 £
Auditor's remuneration:		
Audit fee	8,813	6,050
Depreciation	<u>46,064</u>	<u>42,920</u>

**6 Trustees' remuneration**

The Chair of Trustees received remuneration, as permitted by the memorandum of association, in respect of professional services amounting in total to £15,565 (2007- £11,745). In addition, the Chair of the Finance - Human Resources Committee also received remuneration of £2,500 (2007 - £nil). No other Trustees neither received nor waived any emoluments during the year.

Four/(2007 - two) Trustees received reimbursement for their travel expenses amounting to £720 (2007- £290).

**7 Staff costs**

	Group 2008 £	Group 2007 £
Wages and salaries (including tutors)	1,597,382	1,212,322
Social security costs (including tutors)	164,223	127,899
Pension costs		
- current service cost	41,000	50,000
- contributions	24,062	22,778
- past service costs/settlements	<u>23,000</u>	<u>-</u>
	<u>1,849,667</u>	<u>1,412,999</u>

The average number of employees during the period was:

	Group 2008 Number	Group 2007 Number
Charitable activities	45	35
Management and administration	<u>5</u>	<u>6</u>
	<u>50</u>	<u>41</u>

The staff numbers above comprise 17 core members of staff together with facilitators, assessors, designers and others with expert knowledge who work on an as required basis. This pool comprises 120 people and the figures above represent an average utilization from the pool over the year.

**7 Staff costs (continued)**

The emoluments of higher paid employees fell within the following ranges:

	Group 2008 Number	Group 2007 Number
£60,001 to £70,000	1	-
£80,001 to £90,000	-	1
£90,001 to £100,000	-	2
£110,001 to £120,000	3	1
£130,001 to £140,000	1	-

During the year the following amounts were paid to higher paid employees as shown above:

	Group 2008 £	Group 2007 £
Pension contributions to defined benefit scheme	39,534	36,548
Pension contributions to defined contribution scheme	8,941	8,515
	<u>48,475</u>	<u>45,063</u>

During the year, 3 (2007 - 3) higher paid employees participated in the defined benefit scheme and 2 (2007- 1) higher paid employee participated in the defined contribution scheme.

**8 Tangible fixed assets**

	Group Fixtures, fittings and equipment £	Charitable company Fixtures, fittings and equipment £
Cost		
At 1 April 2007	178,178	178,178
Additions	76,729	27,479
At 31 March 2008	<u>254,907</u>	<u>205,657</u>
Depreciation		
At 1 April 2007	115,462	115,462
Charge for the year	46,064	46,064
At 31 March 2008	<u>161,526</u>	<u>161,526</u>
Net book amount at 31 March 2008	<u>93,381</u>	<u>44,131</u>
Net book amount at 31 March 2007	<u>-</u>	<u>62,716</u>

## Financial statements for the year ended 31 March 2008

## 9 Investments

## Charitable company

	2008 £	2007 £
Additions and net book value at 31 March 2008	<u>1</u>	<u>-</u>

At 31 March 2008 the charitable company held more than 20% of the allotted share capital of the following:

	Country of incorporation	Class of share capital held	Proportion held by the charity	Nature of business
Third Wave Enterprises Limited	England	Ordinary	100%	Training

The trading results for the period to 31 March 2008, as extracted from the audited financial statements, are summarised below:

	2008 £
Turnover	33,474
Cost of sales	<u>25,120</u>
Gross profit	8,354
Administration expenses	<u>24,429</u>
Loss on ordinary activities transferred from reserves	<u>(16,075)</u>

The charitable company has taken advantage of Section 230 of the Companies Act 1985 and paragraph 397 of the SORP and has not included its own profit and loss account in these financial statements. The charitable company's surplus for the year was £103,492 (2007 - surplus £67,205 as restated).

## 10 Debtors

	Group 2008 £	Charitable company 2008 £	2007 £
Trade debtors	472,965	442,387	705,172
Other debtors	44,911	44,911	-
Prepayments and accrued income	<u>65,222</u>	<u>54,955</u>	<u>34,393</u>
	583,098	542,253	739,565
Amounts owed by subsidiary company	<u>-</u>	<u>64,108</u>	<u>-</u>
	<u>583,098</u>	<u>606,361</u>	<u>739,565</u>

## Financial statements for the year ended 31 March 2008

**11 Creditors: amounts falling due within one year**

	Group 2008 £	Charitable company 2008 £	2007 £
Trade creditors	223,725	223,725	199,826
Taxation and social security	41,995	41,995	39,238
Other creditors	70,899	60,894	22,472
Accruals	393,387	382,187	516,536
Deferred income (see below)	552,573	512,546	893,552
	<u>1,282,579</u>	<u>1,221,347</u>	<u>1,671,624</u>
<b>Deferred income</b>			
Balance at 1 April 2007	893,552	893,552	608,825
Amount released to incoming resources	(3,307,019)	(3,307,019)	(3,110,043)
Transfer to debtors	25,459	25,459	-
Amount deferred in the year	<u>2,940,581</u>	<u>2,900,554</u>	<u>3,394,770</u>
Balance at 31 March 2008	<u>552,573</u>	<u>512,546</u>	<u>893,552</u>

**12 Financial commitments**

At 31 March 2008 the charitable group has annual commitments under non-cancellable leases as follows:

	Land and buildings 2008 £	Land and buildings 2007 £
Expiry date:		
Less than one year	52,875	-
One to two years	<u>-</u>	<u>52,875</u>

The charitable group had no capital commitments as at 31 March 2008 or at 31 March 2007.

**13 Related parties**

There were no related party transactions during the year.

**14 Pensions - defined contribution scheme**

The charitable group operates a defined contribution pension scheme for the benefit of the employees. The assets of the scheme are administered by Trustees in a fund independent from those of the charitable group. Pension costs in the year amounted to £24,062 (2007 - £22,601).



**15 Pensions - defined benefit pension scheme**

The charitable group operates a funded defined benefit pension scheme for the benefit of employees in conjunction with a local government defined benefit pension scheme. The assets of the scheme are administered by trustees in a fund independent from the assets of the charitable group. In 2007/08 the charitable group paid an employer's contribution of £47,000 (2007 - £43,177) representing 307% of employees' contributions into Northamptonshire County Council's Superannuation Fund, which provides members with defined benefits related to pay and service.

Pension costs are assessed in accordance with the advice of a qualified independent actuary using the projected unit method. The last formal valuation of the scheme was 31 March 2007, which showed that the value of those assets was sufficient to cover 78% of the benefits that had accrued to members, after allowing for expected future increases in earning.

Whilst the trustees are mindful of the requirements of FRS 17 and report, accordingly, a scheme deficit as at 31 March 2008 amounting to £460,000, they also note that the underlying actuarial deficit disclosed in the actuarial report (as at 31 March 2007) reports a deficit of £184k. The trustees are confident that ongoing obligations under the scheme can be met from the positive surpluses generated to date and anticipated to be generated in the future.

**FRS 17**

The main assumptions used by the actuary were:

	2008 %	2007 %
Rate of increase in salaries	5.1	4.6
Rate of increase for pension payments	3.6	3.1
Rate of inflation	2.6	3.1
Discount rate	6.1	5.4

**15 Pensions - defined benefit pension scheme (continued)**

	2008 Rate of return %	2008 Value £	2007 Rate of return %	2007 Restated Value £
Equities	69.3	1,092,000	7.5	764,000
Government Bonds	8.8	139,000	4.7	137,000
Other Bonds	8.2	129,000	5.4	77,000
Property	7.4	117,000	6.5	77,000
Cash	1.2	19,000	5.2	31,000
Other	5.1	80,000	-	-
Total market value of assets		1,576,000		1,086,000
Present value of scheme liabilities		(2,036,000)		(1,059,000)
Prior year adjustment		-		(220,000)
Deficit in the scheme		<u>(460,000)</u>		<u>(193,000)</u>

The charge to the Statement of Financial Activities for the financial year comprised:

	2008 £	2007 £
Operating charge:		
Current service cost	(41,000)	(50,000)
Past service cost	<u>(23,000)</u>	<u>-</u>
Total operating charge	<u>(64,000)</u>	<u>(50,000)</u>

	2008 £	2007 £
Other finance costs:		
Expected return on pension scheme assets	71,000	61,000
Interest on pension scheme liabilities	<u>(58,000)</u>	<u>(49,000)</u>
	<u>13,000</u>	<u>12,000</u>

**15 Pensions - defined benefit pension scheme (continued)**

Analysis of the actuarial gains and losses in the Statement of Financial Activities

	2008 £	2007 (restated) £
Actual return less expected return on pension scheme assets	(133,000)	(12,000)
Experience gains and losses arising on the scheme's liabilities	(242,000)	(42,000)
Changes in assumptions underlying the present value of the scheme liabilities	112,000	45,000
	(263,000)	(9,000)
Prior year adjustment	-	(220,000)
	(263,000)	(229,000)

The movement in the surplus in the year was:

	2008 £	2007 (restated) £
Deficit/(surplus) in the scheme at beginning of year (as restated)	(193,000)	31,000
Current service cost	(41,000)	(50,000)
Contributions	47,000	43,000
Past service cost	(23,000)	-
Other finance gains	13,000	12,000
Actuarial loss	(263,000)	(9,000)
Prior year adjustment	-	(220,000)
Deficit in scheme at end of year	(460,000)	(193,000)

History of experience gains and losses:

	2008	2007
Difference between the expected and actual return on scheme assets		
Amount	£(133,000)	£(12,000)
Percentage of scheme liabilities	6.5%	1.1%
Experience gains and losses on scheme liabilities		
Amount	£(242,000)	£(42,000)
Percentage of present value of scheme liabilities	11.9%	4.0%
Changes in assumptions		
Amount	£(96,000)	£45,000
Percentage of present value of scheme (liabilities) / assets	4.7%	4.1%
Total actuarial losses recognised		
Amount	£(263,000)	£(9,000)
Percentage of present value of scheme liabilities	12.9%	0.8%