

Registered number: 04813638  
Charity number: 1101512

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**EMLC**  
**(A Company Limited by Guarantee)**

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**TRUSTEES' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2016**

TUESDAY



A11 \*A5GWX4CA\* #168  
04/10/2016  
COMPANIES HOUSE

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE COMPANY, ITS TRUSTEES AND ADVISERS  
FOR THE YEAR ENDED 31 MARCH 2016**

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**Trustees**

W Adams  
D Bateson (resigned 9 February 2016)  
R Briscoe  
M Esam (resigned 17 May 2016)  
G Gyte, Chair  
D Morris  
S Cowley, Secretary

**Company registered number**

04813638

**Charity registered number**

1101512

**Registered office**

Bridge House  
Bridge Street  
Olney  
Buckinghamshire  
MK46 4AB

**Company secretary**

Sheila Cowley

**Chief executive officer**

Jan Marshall

**Independent auditors**

Peters Elworthy & Moore  
Chartered Accountants  
Salisbury House  
Station Road  
Cambridge  
CB1 2LA

**Bankers**

National Westminster Bank PLC  
41 The Drapery  
Northampton  
NN1 2EY

Bank of Scotland  
600 Gorgie Road  
Edinburgh  
EH11 3XP

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE COMPANY, ITS TRUSTEES AND ADVISERS  
FOR THE YEAR ENDED 31 MARCH 2016**

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**ADVISERS (CONTINUED)**

**Solicitors**

Winckworth Sherwood  
Minerva House  
5 Montague Close  
London  
SE1 9BB

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**TRUSTEES' REPORT**  
**FOR THE YEAR ENDED 31 MARCH 2016**

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The Trustees (who are also directors of the charity for the purposes of the Companies Act) present their annual report together with the audited financial statements of EMLC (the company) for the year ended 31 March 2016.

The Trustees confirm that the Annual Report and financial statements of the company comply with the current statutory requirements, the requirements of the company's governing document and the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" applicable to charities preparing their accounts in accordance with Financial Reporting Standards applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2015).

**OBJECTIVES AND ACTIVITIES**

**POLICIES AND OBJECTIVES**

EMLC was established in 2003 to create leaders who provide outstanding distributed leadership. We believe outstanding leaders achieve, sustain and share excellence. We aim to develop leaders who have moral purpose, knowing why they are there and what they want to achieve: every child deserves to be the best they can be.

Our approach:

- We identify, develop and access talented leaders through the delivery of national assessment contracts.
- Sponsoring schools to transform the educational outcomes achieved by our pupils in our schools.

We use our leadership expertise to support schools, academies and our partner company EMLC Academy Trust in developing a career pathway for their leaders. Leaders with flair, passion, innovation where pupils are leaders of their own learning and with learning environments that promote aspirations and ambition.

- We work with outstanding school leaders from some of the best schools in the country to benchmark leaders against national standards and place them on trajectory towards senior leadership.
- We are spearheading the development of a series of apprenticeships that will provide both technical expertise and leadership skills to staff in schools.

EMLC is a Department for Education accredited sponsor of academies through the EMLC Academy Trust with a drive for high standards of attainment and progress for all our pupils. The charitable objects reflect our belief that an excellent education is critical to the life chances of the children and young people in this country.

We are committed to a process of research and identifying the needs of staff in schools and designing and delivering professional development that has an impact on the outcomes of children and students in the schools.

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 MARCH 2016**

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**STRATEGIES FOR ACHIEVING OBJECTIVES**

'Every child deserves to be the best they can be'

Our vision is that 'every child deserves to be the best they can be' and that great schools need great teaching and leadership. EMLC achieves this through a relentless focus on great leadership in world class schools, through our work we are expert in identifying, developing and assessing talented leaders for schools in the future. There are two key questions to ask ourselves about the supply of head teachers for the education system of the future.

- Are we getting the right people to become heads?
- Are we making the best use of talent in the system to lead schools, drive reform and secure school improvement at a pace?

EMLC is contributing to the development of a leadership pipeline throughout England. We engage with middle and senior leaders and aspiring head teachers who are currently on the three qualifications run by EMLC. We assess them against a set of competencies to identify potential leaders and address their development needs.

We also work with a range of schools and academies across England to benchmark their leaders to support them in 'growing their own leaders'.

In order to meet this need for high quality leaders EMLC have focused on two key strategic objectives with the key purpose of identifying, developing, assessing and recruiting leadership talent.

**Objective 1:** To deliver the National College contract to time, specification and budget, achieving all KPIs, thereby developing a pipeline of senior leaders who can become Academy and School leaders of the future.

**Objective 2:** To design a framework and range of tools to support the career and leadership development of school staff.

**ACTIVITIES FOR ACHIEVING OBJECTIVES**

In order to achieve these objectives we have developed an organisation with clear roles and accountabilities for each member of staff deployed to meet the objectives of EMLC. In addition we continue to recruit a pool of highly experienced assessors from across England who provide rigorous, robust and transparent assessment processes.

**PUBLIC BENEFIT**

The Trustees have referred to the Charity Commission guidance on public benefit and ensure that all the activities of the charity contribute to its charitable objectives.

**ACHIEVEMENTS AND PERFORMANCE**

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**EMLC**  
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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 MARCH 2016**

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**REVIEW OF ACTIVITIES**

**Objective 1:** To deliver the National College contract to time, specification and budget, achieving all KPIs, thereby developing a pipeline of qualified senior leaders who can become Academy and School leaders of the future.

EMLC continues to deliver the national contract 'Final Assessment of the Modular Leadership Curriculum' on behalf of the National College for Teaching and Leadership (NCTL): this is contracted until March 2017. The requirement covers the delivery of the assessment of levels 1 – 3 of the modular curriculum. The purpose of the assessment is to award qualifications that are linked to the modular curriculum. The modular curriculum is made up of a range of essential and elective modules on key leadership themes and competencies that reflect the needs of leaders at different stages in their careers – from just starting out to highly experienced. A combination of essential and elective modules must be studied by candidates for assessment, which can lead to award of a National College qualification. The College has been working to secure recognition by leading universities that College qualifications can contribute towards Master's degrees.

The National College qualifications that we assess are:

Level 1: National Professional Qualification for Middle Leadership NPQML

Level 2: National Professional Qualification for Senior Leadership NPQSL

Level 3: National Professional Qualification for Headship NPQH

These programmes reflect the charitable company's commitment to achieve public benefit by developing the leaders of the future who will improve the life chances of the children in their schools.

In the year ended 31 March 2016, the charity assessed the following quantities of participants under each Qualification:

<b>Level</b>	<b>Actual number assessed</b>	<b>Planned number of assessments</b>
<b>NPQML</b>	3,138	2,400
<b>NPQSL</b>	2,546	1,800
<b>NPQH (part 1)</b>	983	636
<b>NPQH (final)</b>	784	960

Participants must take the programmes in sequence, passing each one prior to starting the next. Level 3 is the highest and therefore most difficult to achieve. It is assessed in two separate modules which have to be taken in sequence, with the first part being passed before the second can be taken. The number of participants making it to the final assessment stage was lower than anticipated, although this is in part due to the timing of the assessments.

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 MARCH 2016**

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The training for each programme is delivered by a number of organisations licensed by NCTL (the 'Licensees'). The charity is unable to influence participants' decisions regarding their development, and that includes the promotion and sale of the programmes, which is controlled by NCTL and the Licensees. This is to ensure there is no conflict of interests.

**Objective 2:** To design a framework and range of tools to support the career and leadership development of school staff.

The EMLC team are working on a career development framework that will support the career progression of all school staff in schools, this will include both the teaching staff and the support staff. We are working with a range of partners to look at the development of apprenticeships as part of the career framework.

#### **FACTORS RELEVANT TO ACHIEVE OBJECTIVES**

EMLC staff team are highly experienced in the delivery of assessment and have a track record of being able to deliver the contract to meet the assessment requirement of NCTL. With the increasing numbers we have invested in an updated website with the facility to manage a significant part of the communication with participants in an automated way which will allow us to use our internal resource more efficiently and effectively.

#### **FINANCIAL REVIEW**

Net incoming resources for the year, before adjustments required for the pension scheme valuation, were £33,257 (2015: £39,823). Net movement in funds for the year was £114,257 (2015: £40,823).

All funds are unrestricted funds. A Property Fund has been created to represent the sums expended on the property less accumulated depreciation and the mortgage value secured against the property. The value of the Property Fund is £1,095,618 (2015: £1,088,316). A pension reserve within unrestricted funds represents the current LGPS pension scheme deficit of £27,000 (2015: £85,000). At 31 March 2016 the charity had total funds of £1,703,138 (2015: £1,588,881). Note 16 has details of the make up of these funds.

The principal income stream during the year ended 31 March 2016 was the 'Final Assessment of the Modular Leadership Curriculum' contract with the National College for Teaching and Leadership (NCTL). During the year, NCTL reviewed the contract and a change to the assessment structure was agreed, which led to a reduction to the pricing structure.

A key risk to EMLC is that the contract with NCTL is due to finish in 2017. EMLC is preparing to bid into an extension to the contract, and other income streams are being researched and developed, including new income generating projects and bids into grant funded projects.

#### **GOING CONCERN**

After making appropriate enquiries, the Trustees have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Accounting Policies.



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**EMLC**  
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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 MARCH 2016**

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**DONATION**

EMLC donated the following to EMLC Academy Trust in the year ended 31 March 2016:

1. Expenses borne on behalf of EMLC AT of £71,150
2. Donation of strategic leadership and operational time valued at £257,894 in order to establish a sustainable infrastructure that would ensure the Trust can focus on raising achievement improving progress of the pupils in the Academies.

**INVESTMENT POLICY AND PERFORMANCE**

Under the Memorandum and Articles of Association the Trustees have the power to invest monies not immediately required for the purposes of the charitable company in such investments as may be thought fit. As with previous years Bridge House, Olney continues to be a significant investment, serving both as a base for the charitable company and as meeting point for school leaders, all of which enhances our reputation.

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 MARCH 2016**

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**RISK MANAGEMENT**

The Trustees have assessed the major risks to which the company is exposed, in particular those related to the operations and finances of the company, and are satisfied that systems and procedures are in place to mitigate our exposure to the major risk. Risks Management is an agenda item at both the Finance and Human Resources Committee (FHRC) and the Board of Trustees meetings.

The key risks to EMLC are detailed below along with actions taken to mitigate those risks.

<b>Key Risk</b>	<b>Mitigation</b>
The contract with NCTL is due to finish in 2017, and is the main contract and income stream for EMLC	<p>There is still a demand for leadership development, as evidenced by the number of participants going through the NCTL programmes. Research has also shown that there is currently a dearth of high quality Headteachers, creating a high demand for new leaders and a continuing market for EMLC's core provision.</p> <p>EMLC is preparing to bid into an extension of the NCTL contract which will run for one year with a possible second year.</p> <p>In addition, other income streams are being researched and developed, including new income generating projects and bids into grant funded projects.</p>
Pressure from NCTL and potential new funders to reduce costs	<p>Our business model is to have a lean core team reinforced by a large pool of experienced assessors, which can be called upon as and when required. This keeps running costs low and makes EMLC competitive in the marketplace.</p> <p>EMLC has also negotiated competitive rates with large hotel chains thus keeping the costs of venues to a minimum.</p>

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 MARCH 2016**

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**RESERVES POLICY**

It is the long term policy of the charitable company to work towards unrestricted funds which are the free reserves of the charitable company which equate to not less than 12 months core overhead expenditure, currently estimated to be £1m. The interim target is to have free reserves of not less than 9 months expenditure £750k, which will provide sufficient funds to cover management and administration and support costs required to continue the pursuit of additional contracts. The current unrestricted funds of £634,520 (2015: £585,565) are below the interim target due to the creation of the property fund from unrestricted funds in 2015. It is sufficient to cover approximately 7 to 8 months' expenditure with the full target being met in 2017 or 2018.

The trustees have set aside funds for the future planned growth of the charity.

**PRINCIPAL FUNDING**

Our principal source of funding is from the National College of Teaching and Leadership which is an executive arm of the Department of Education.

**PLANS FOR THE FUTURE**

**FUTURE DEVELOPMENTS**

EMLC will continue to deliver the contract for the NCTL efficiently and effectively until the end of the current contract, which is due to finish in 2017, and is preparing to bid into an extension of the contract which will run for one year with potential to run for a second year.

EMLC will continue to be the accredited sponsor for the EMLC Academy Trust providing both governance and leadership support. We will be expanding our work with the Leadership Benchmarking Tools and supporting leadership recruitment both within and outside our academies.

Other income streams are being researched and developed, including new income generating projects and bids into grant funded projects.

The charity will strive to increase the number of discrete income streams thus reducing the impact of losing one or more of them in the future.

**STRUCTURE, GOVERNANCE AND MANAGEMENT**

**CONSTITUTION**

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, registered charity number 1101512.

EMLC is an education charity which specialises in leadership development, whose key objectives are to 'advance education, in particular by promoting, improving and developing education leadership'.

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**EMLC**  
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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 MARCH 2016**

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**METHOD OF APPOINTMENT OR ELECTION OF TRUSTEES**

The management of the company is the responsibility of the Trustees who are elected and co-opted under the terms of the Articles of Association.

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 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 the 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 unless the Board resolves to waive the requirement for such a break to retain a Trustee who brings expertise that will notably enhance the work of the charitable company. The notice of a meeting at which a person is proposed to be first appointed a Trustee shall give the particulars of that person which would, if he or she were so appointed be required to be included in the charitable company's register of Trustees.

**POLICIES ADOPTED FOR THE INDUCTION AND TRAINING OF TRUSTEES**

We are currently undergoing a process for the recruitment of new Trustees to bring additional experience and skills to the charity. 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 company. In addition each new Trustee is supplied with key documents relating to the charitable company. Trustees take part in meetings, charitable company events and strategic workshops.

**ORGANISATIONAL STRUCTURE AND DECISION MAKING**

The Board of Trustees administers the charitable company. The Board meets at least three times a year and there is a sub-committee covering finance and human resource issues. A Chief Executive is appointed by the Trustees to strategically lead the charity and a Executive Director is appointed to manage the day to day operations of the charitable company. To facilitate effective operations the Chief Executive has delegated authority, within the terms of delegation approved by the Trustees, for operational matters including finance, employment and contract identification and negotiation.

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**EMLC**  
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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 MARCH 2016**

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**REMUNERATION POLICY**

EMLC is committed to the recruitment, retention and development of an effective workforce, who contribute to the success and growth of the business. The charity is committed to ensuring that members of staff, who excel in their role, should be recognised and rewarded. The charity, therefore, recognises that the use of a range of incentives is an important strategy for motivating staff, highlighting best practice and creating a culture of exceptional achievement.

The charity Trustees consider the chief executive and executive directorship team as comprising the key management personnel of the charity in charge of directing and controlling the charity and running and operating the charity on a day to day basis.

The pay of all employees, including the chief executive and executive team, is benchmarked against an evaluation framework with a pay grading and banding structure to ensure that the remuneration set is fair and not out of line with that generally paid for similar roles.

Trustees give their time freely with the exception of the Chair of Trustees, as permitted by the memorandum of association. See Note 9 to the accounts.

**RELATED PARTY RELATIONSHIPS**

EMLC holds a 14% share of the ordinary share capital of Third Wave Enterprises (TWE), a national provider of outstanding school improvements. EMLC is also sponsor for EMLC Academy Trust, a multi-academy trust with academies in Milton Keynes and Northamptonshire. TWE is the preferred supplier of school improvements to EMLC Academy Trust.

The partnership and shared values between the three organisations continues to enhance the success of each, and furthering the charitable objects for the charity and trust.

**TRUSTEES' RESPONSIBILITIES STATEMENT**

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. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 MARCH 2016**

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**DISCLOSURE OF INFORMATION TO AUDITORS**

Each of the persons who are Trustees at the time when this Trustees' Report is approved has confirmed that:

- so far as that Trustee is aware, there is no relevant audit information of which the charitable company's auditors are unaware, and
- that Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

This report was approved by the Trustees on 14 September 2016 and signed on their behalf by:



**G Gyte**  
**Chairman**

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**EMLC**  
**(A Company Limited by Guarantee)**

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EMLC**

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We have audited the financial statements of EMLC for the year ended 31 March 2016 set out on pages 15 to 35. 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 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 Auditors' 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 its members, as a body, for our audit work, for this report, or for the opinion we have formed.

**RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITORS**

As explained more fully in the 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.

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 Auditing Practices Board's Ethical Standards for Auditors.

**SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**OPINION ON FINANCIAL STATEMENTS**

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2016 and of its incoming resources and application of resources, including its income and expenditure, 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.

**OPINION ON OTHER MATTER 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.

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**EMLC**  
**(A Company Limited by Guarantee)**

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EMLC**

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**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; or
- we have not received all the information and explanations we require for our audit; or
- the Trustees were not entitled to take advantage of the small companies' exemption from the requirement to prepare a Strategic Report.



Laragh Jeanroy (Senior Statutory Auditor)

for and on behalf of

**Peters Elworthy & Moore**

Chartered Accountants  
Statutory Auditors

Salisbury House  
Station Road  
Cambridge  
CB1 2LA

Date: *3 October 2016*



**EMLC**  
(A Company Limited by Guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)  
FOR THE YEAR ENDED 31 MARCH 2016**

	Note	Unrestricted funds 2016 £	Total funds 2016 £	As restated Total funds 2015 £
<b>INCOME FROM:</b>				
Other trading activities	2	327,898	327,898	527,228
Investments	3	10,624	10,624	54,456
Charitable activities	4	2,299,631	2,299,631	2,344,367
<b>TOTAL INCOME</b>		<b>2,638,153</b>	<b>2,638,153</b>	<b>2,926,051</b>
<b>EXPENDITURE ON:</b>				
Raising funds	5	302,728	302,728	486,347
Charitable activities	6	2,302,168	2,302,168	2,399,881
<b>TOTAL EXPENDITURE</b>		<b>2,604,896</b>	<b>2,604,896</b>	<b>2,886,228</b>
<b>NET INCOME BEFORE OTHER GAINS AND LOSSES</b>		<b>33,257</b>	<b>33,257</b>	<b>39,823</b>
Actuarial gains on defined benefit pension schemes	20	81,000	81,000	1,000
<b>NET MOVEMENT IN FUNDS</b>		<b>114,257</b>	<b>114,257</b>	<b>40,823</b>
<b>RECONCILIATION OF FUNDS:</b>				
Total funds brought forward		1,588,881	1,588,881	1,548,058
<b>TOTAL FUNDS CARRIED FORWARD</b>		<b>1,703,138</b>	<b>1,703,138</b>	<b>1,588,881</b>

All activities relate to continuing operations.

The notes on pages 18 to 36 form part of these financial statements.

**EMLC**  
**(A Company Limited by Guarantee)**  
**REGISTERED NUMBER: 04813638**

**BALANCE SHEET**  
**AS AT 31 MARCH 2016**

	Note	£	2016 £	As restated 2015 £
<b>FIXED ASSETS</b>				
Tangible assets	11		1,692,320	1,753,704
Investments	12		10	10
			<u>1,692,330</u>	<u>1,753,714</u>
<b>CURRENT ASSETS</b>				
Debtors	13	929,880	442,690	
Cash at bank and in hand		1,214,647	1,760,223	
		<u>2,144,527</u>	<u>2,202,913</u>	
<b>CREDITORS: amounts falling due within one year</b>	14	(1,600,604)	(1,718,022)	
<b>NET CURRENT ASSETS</b>			<u>543,923</u>	<u>484,891</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>2,236,253</u>	<u>2,238,605</u>
<b>CREDITORS: amounts falling due after more than one year</b>	15	(506,115)	(564,724)	
<b>NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES</b>			<u>1,730,138</u>	<u>1,673,881</u>
Defined benefit pension scheme liability	20	(27,000)	(85,000)	
<b>NET ASSETS INCLUDING PENSION SCHEME LIABILITIES</b>			<u>1,703,138</u>	<u>1,588,881</u>
<b>CHARITY FUNDS</b>				
Unrestricted funds	17		1,703,138	1,588,881
<b>TOTAL FUNDS</b>			<u>1,703,138</u>	<u>1,588,881</u>

The financial statements were approved and authorised for issue by the Trustees on 14 September 2016 and signed on their behalf, by:



**G Gyte**  
**Chairman**

The notes on pages 18 to 36 form part of these financial statements.

**EMLC**  
**(A Company Limited by Guarantee)**

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 MARCH 2016**

	Note	2016 £	2015 £
<b>Cash flows from operating activities</b>			
Net cash (used in)/provided by operating activities	18	<b>(492,241)</b>	220,058
<b>Cash flows from investing activities:</b>			
Dividends, interest and rents from investments		10,624	9,456
Proceeds from the sale of property, plant and equipment		-	722
Purchase of property, plant and equipment		<b>(8,047)</b>	(35,544)
Movement on interest rate loan swap provision		<b>(7,696)</b>	1,580
<b>Net cash used in investing activities</b>		<b>(5,119)</b>	(23,786)
<b>Cash flows from financing activities:</b>			
Repayments of borrowings		<b>(48,216)</b>	(45,871)
<b>Net cash used in financing activities</b>		<b>(48,216)</b>	(45,871)
<b>Change in cash and cash equivalents in the year</b>	19	<b>(545,576)</b>	150,401
Cash and cash equivalents brought forward		<b>1,760,223</b>	1,609,822
<b>Cash and cash equivalents carried forward</b>	19	<b>1,214,647</b>	1,760,223

The notes on pages 18 to 36 form part of these financial statements.

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**EMLC**  
**(A Company Limited by Guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2016**

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**1. ACCOUNTING POLICIES**

**1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

EMLC meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

**1.2 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) the restatement of comparative items was required.

Under FRS102, derivatives that are not basic financial instruments must be recognised and valued at fair value. An annual revaluation must take place and any movement be recognised in the SOFA as other finance income / expense.

The charity has entered into an interest rate swap therefore the initial value of this liability was recognised on transition at its value on 1 April 2014 of £41,807. At 31 March 2015, the liability was revalued to £43,387 with the movement of £1,580 recognised as an expense in direct costs.

For a full reconciliation of reserves and net surplus, see note 23.

**1.3 COMPANY STATUS**

The charity is a company limited by guarantee. The members of the charitable company are the Trustees named on page 1. 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.

**1.4 FUND ACCOUNTING**

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

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

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**EMLC**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2016**

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**1. ACCOUNTING POLICIES (continued)**

**1.5 GOING CONCERN**

The Trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the financial statements continue to be prepared on the going concern basis.

With respect to the next reporting period, 2017, the most significant areas of uncertainty that affects the Charity is the cessation of the National College Programme. The charity is endeavouring to identify new income streams to alleviate the loss of income from this contract.

**1.6 INCOME**

All income is recognised once the charity has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably. In respect of the contract with the National College income is spread over the expected period of assessments.

Other income is recognised in the period in which it is receivable and to the extent the goods have been provided or on completion of the service.

**1.7 EXPENDITURE**

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

Support costs are those costs incurred directly in support of expenditure on the objects of the charity. Governance costs are those incurred in connection with administration of the charity and compliance with constitutional and statutory requirements.

Costs of raising funds are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.

Charitable activities and governance costs are costs incurred on the charity's educational operations, including support costs and costs relating to the governance of the charity apportioned to charitable activities.

All resources expended are inclusive of irrecoverable VAT.

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**EMLC**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2016**

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**1. ACCOUNTING POLICIES (continued)**

**1.8 FINANCIAL INSTRUMENTS**

Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments.

Derivatives are initially recorded at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in the Statement of Financial Activities in direct costs, unless they are included in a hedging arrangement.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

**1.9 TANGIBLE FIXED ASSETS AND DEPRECIATION**

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	-	50 years straight line
Freehold improvements	-	20 years straight line
Fixtures and fittings	-	10 -30 years straight line
Computer equipment	-	2 -10 years straight line

**1.10 INVESTMENTS**

Unlisted investments are stated at cost less any impairment at the balance sheet date.

**1.11 DEBTORS**

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount repaid net of any trade discounts due.

**1.12 CASH AT BANK AND IN HAND**

Cash at bank and 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.

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**EMLC**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2016**

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**1. ACCOUNTING POLICIES (continued)**

**1.13 LIABILITIES AND PROVISIONS**

Liabilities are recognised when there is an obligation at the Balance Sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the charity anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

**1.14 PENSIONS**

The charity operates a defined contribution pension scheme and the pension charge represents the amounts payable by the charity to the fund in respect of the year.

The charitable company operates a defined benefit pension scheme and the pension charge is based on a full actuarial valuation dated 31 March 2015. The LGPS is a funded scheme and the assets are held separately from those of the charitable company in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis 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 and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and gains and losses on the settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of Financial Activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

**1.15 OPERATING LEASES**

Rentals under operating leases are charged to the Statement of Financial Activities on a straight line basis over the lease term.

**2. ACTIVITIES FOR GENERATING FUNDS**

	Unrestricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Outsourcing and recharges of overheads	327,898	327,898	527,228

In 2015, all of the income from other trading activities was attributable to unrestricted funds.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2016**

**3. INVESTMENT INCOME**

	Unrestricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Bank interest receivable	3,624	3,624	2,456
Dividend income from investments	7,000	7,000	7,000
Pension - net finance income	-	-	45,000
	<u>10,624</u>	<u>10,624</u>	<u>54,456</u>

In 2015, all of the investment income was attributable to unrestricted funds.

**4. INCOME FROM CHARITABLE ACTIVITIES**

	Unrestricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Final assessment programmes	2,299,631	2,299,631	2,344,367

In 2015, all of the income from charitable activities was attributable to unrestricted funds.

**5. EXPENDITURE ON RAISING FUNDS**

	Unrestricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Staff costs	302,728	302,728	486,347

In 2015, all of the expenditure on raising funds was from unrestricted funds.

**6. ANALYSIS OF EXPENDITURE BY ACTIVITIES**

	Activities undertaken directly 2016 £	Support and governance costs 2016 £	Total 2016 £	As restated Total 2015 £
Final assessment programmes	1,234,426	738,698	1,973,124	1,998,377
Sponsorship	329,044	-	329,044	401,504
	<u>1,563,470</u>	<u>738,698</u>	<u>2,302,168</u>	<u>2,399,881</u>



**EMLC**  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2016**

**7. DIRECT COSTS**

	Final Assessment £	Sponsor- ship £	Total 2016 £	As restated Total 2015 £
Movement in swap valuation	(7,696)	-	(7,696)	1,580
Pension - net finance cost	3,000	-	3,000	-
Delivery of services	699,895	-	699,895	807,154
Travel	26,729	-	26,729	37,964
Training and welfare	11,350	-	11,350	14,128
Occupancy costs	52,106	-	52,106	49,697
Printing and stationery	23,525	-	23,525	22,043
Consultancy	35,075	-	35,075	134,190
Donation and expenses paid on behalf of EMLC Academy Trust	-	71,150	71,150	148,988
Wages and salaries	300,670	257,894	558,564	550,104
National insurance	31,371	-	31,371	29,656
Pension cost	22,486	-	22,486	22,179
Depreciation	35,915	-	35,915	34,303
	<u>1,234,426</u>	<u>329,044</u>	<u>1,563,470</u>	<u>1,851,986</u>

In 2015, all of the direct costs were from unrestricted funds.

**EMLC**  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2016**

**8. SUPPORT AND GOVERNANCE COSTS**

	General support £	Governance £	Total 2016 £	Total 2015 £
Travel	3,677	-	3,677	6,375
Training and welfare	5,339	-	5,339	4,629
Occupancy costs	52,106	-	52,106	49,697
Printing and stationery	15,684	-	15,684	14,695
Legal and professional	11,013	-	11,013	11,821
Auditors' remuneration	-	9,480	9,480	9,200
Governance fees	-	24,000	24,000	22,125
Research, marketing and advertising	98,451	-	98,451	27,492
Office costs	5,791	-	5,791	5,872
Finance costs	31,990	-	31,990	34,179
Trustees' expenses reimbursed and meeting costs	-	1,837	1,837	828
IT costs	30,725	-	30,725	56,271
Disposal of assets	140	-	140	648
Irrecoverable VAT	(2,829)	-	(2,829)	(12,516)
Charitable donations	-	-	-	2,628
Wages and salaries	349,089	-	349,089	244,692
National insurance	21,029	-	21,029	19,016
Pension cost	47,800	-	47,800	15,940
Depreciation	33,376	-	33,376	34,303
	<b>703,381</b>	<b>35,317</b>	<b>738,698</b>	<b>547,895</b>

In 2015, all of the support and governance costs were from unrestricted funds.

**9. NET INCOME/(EXPENDITURE)**

This is stated after charging:

	2016 £	2015 £
Depreciation of tangible fixed assets: - owned by the charity	69,291	68,606
Auditors' remuneration	9,480	9,200
Auditors' remuneration - non-audit	3,060	1,850
Pension costs	80,546	80,389

Trustees' remuneration and reimbursement of expenses are disclosed in note 10.

Non audit services include statutory accounts preparation.

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2016**

**10. STAFF COSTS, TRUSTEE REMUNERATION AND EXPENSES, AND THE COST OF KEY MANAGEMENT PERSONNEL**

Staff costs were as follows:

	2016 £	2015 £
Wages and salaries	1,170,557	1,188,723
Social security costs	72,402	98,822
Other pension costs (Note 20)	90,108	80,389
	<u>1,333,067</u>	<u>1,367,934</u>

The average number of persons employed by the company during the year was as follows:

	2016 No.	2015 No.
Charitable activities	12	11
Management and administration	7	11
	<u>19</u>	<u>22</u>

The number of higher paid employees was:

	2016 No.	2015 No.
In the band £70,001 - £80,000	1	2
In the band £80,001 - £90,000	1	1
In the band £100,001 - £110,000	1	0
In the band £120,001 - £130,000	0	1
In the band £130,001 - £140,000	2	1
In the band £140,001 - £150,000	0	1
In the band £150,001 - £160,000	0	1
In the band £160,001 - £170,000	1	0

Staff costs for 2015-16 included employees working in part for EMLC Academy Trust thus increasing the total number of employees for that period.

Contributions of £35,142 (2015 - £37,509) were payable to defined benefit schemes and £12,002 (2015 - £5,326) made to defined contribution schemes in respect of higher paid employees.

The key management personnel of the charity comprise the Trustees, the Chief Executive Officer, Executive Director and the Finance Director. The total employment benefits including employer pension contributions of key management personnel were £467,798 (2015 - £449,739).

Included within the above, are payments made to Trustees in the year. The Chair of Trustees received remuneration, as permitted by the memorandum of association, in respect of professional services amounting to £24,000, (2015 - £23,500) of which £2,000 (2015 - £2,000) was outstanding as at the year end. During the year consultancy fees were charged by M Esam amounting to £nil (2015 - £21,000) and D Morris £nil (2015 - £1,200).

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2016**

No other Trustees received emoluments or benefits in kind during the year. No pension contributions were paid on behalf of any Trustees.

During the year 3 (2015 - 3) Trustees received reimbursement of expenses amounting to £2,296 (2015 - £696) in respect of reimbursement of travel, accommodation and subsistence costs.

**11. TANGIBLE FIXED ASSETS**

	Freehold property and improve- ments £	Fixtures and fittings £	Computer equipment £	Total £
<b>COST</b>				
At 1 April 2015	1,870,096	113,078	149,028	2,132,202
Additions	-	720	7,327	8,047
Disposals	-	-	(13,284)	(13,284)
At 31 March 2016	1,870,096	113,798	143,071	2,126,965
<b>DEPRECIATION</b>				
At 1 April 2015	212,228	50,068	116,202	378,498
Charge for the year	40,914	10,571	17,806	69,291
On disposals	-	-	(13,144)	(13,144)
At 31 March 2016	253,142	60,639	120,864	434,645
<b>NET BOOK VALUE</b>				
At 31 March 2016	1,616,954	53,159	22,207	1,692,320
At 31 March 2015	1,657,868	63,010	32,826	1,753,704

**12. FIXED ASSET INVESTMENTS**

	Investments in participating interests £
<b>COST</b>	
At 1 April 2015 and 31 March 2016	10

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2016**

**13. DEBTORS**

	2016 £	2015 £
Trade debtors	652,133	363,875
Amounts owed by undertakings in which the company has a participating interest	34,206	20,175
Prepayments and accrued income	243,541	58,640
	<u>929,880</u>	<u>442,690</u>

**14. CREDITORS: Amounts falling due within one year**

	2016 £	2015 £
Bank loans and overdrafts	50,912	48,215
Trade creditors	147,658	120,731
Amounts owed to other participating interest	-	16,915
Other taxation and social security	131,267	147,192
Other creditors	4,039	4,711
Accruals and deferred income	1,266,728	1,380,258
	<u>1,600,604</u>	<u>1,718,022</u>

The bank loan is secured by way of a charge over the freehold property and assets.

**DEFERRED INCOME**

Deferred income at 1 April 2015	1,320,706
Resources deferred during the year	1,211,280
Amounts released from previous years	<u>(1,320,706)</u>
Deferred income at 31 March 2016	<u>1,211,280</u>

The deferred income balance relates to the estimated cost for those registered to complete their assessments and fulfil the remaining contract term with the National College.

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2016**

**15. CREDITORS:**  
**Amounts falling due after more than one year**

	2016 £	As restated 2015 £
Bank loans	470,424	521,337
Interest rate swap	35,691	43,387
	<u>506,115</u>	<u>564,724</u>

Included within the above are amounts falling due as follows:

	2016 £	As restated 2015 £
<b>BETWEEN ONE AND TWO YEARS</b>		
Bank loans	51,277	50,912
	<u>51,277</u>	<u>50,912</u>
<b>BETWEEN TWO AND FIVE YEARS</b>		
Bank loans	179,561	166,954
	<u>179,561</u>	<u>166,954</u>
<b>OVER FIVE YEARS</b>		
Bank loans	239,586	303,471
	<u>239,586</u>	<u>303,471</u>

Creditors include amounts not wholly repayable within 5 years as follows:

	2016 £	As restated 2015 £
Repayable by instalments	239,586	303,471
	<u>239,586</u>	<u>303,471</u>

The bank loans are secured by way of a charge over the freehold property and assets.

The Charity has entered into an interest rate swap. For details of the swap see note 16, Financial instruments.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2016**

**16. FINANCIAL INSTRUMENTS**

	2016 £	2015 £
Financial assets measured at fair value through income and expenditure	1,214,647	1,760,223
Financial assets measured at amortised cost	686,339	384,050
	<u>1,900,986</u>	<u>2,144,273</u>
Financial liabilities measured at fair value through income and expenditure	(35,691)	(43,387)
Financial liabilities measured at amortised cost	(804,300)	(859,101)
	<u>(839,991)</u>	<u>(902,488)</u>

Financial assets measured at fair value through income and expenditure comprise cash at bank.

Financial assets measured at amortised cost comprise trade debtors and amounts owed by participating interests.

Financial liabilities measured at amortised cost comprise trade creditors, bank loans, social security and other taxes and amounts owed to participating interests.

Financial liabilities measured at fair value through income and expenditure comprise a derivative financial instrument being an interest rate swap.

In 2009 the charity entered into an interest rate swap to receive LIBOR and pay interest at a fixed 6.54%. The swap is based on a principal amount of £550,000, and matures in 2019.

The instrument is used to hedge the charity's exposure to interest rate movements on the mortgage loan. The hedging arrangement fixes the total interest payable on the loan to 6.54%. The fair value of the interest rate swap is £35,691 (2015 - £43,387).

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2016**

**17. STATEMENT OF FUNDS**

	Brought Forward As restated £	Income £	Expenditure £	Transfers in/(out) £	Gains/ (Losses) £	Carried Forward £
<b>DESIGNATED FUNDS</b>						
Property Fund	1,088,316	-	(40,914)	48,216	-	1,095,618
<b>GENERAL FUNDS</b>						
General Funds	585,565	2,638,153	(2,543,982)	(45,216)	-	634,520
Pension reserve	(85,000)	-	(20,000)	(3,000)	81,000	(27,000)
	500,565	2,638,153	(2,563,982)	(48,216)	81,000	607,520
Total Unrestricted funds	1,588,881	2,638,153	(2,604,896)	-	81,000	1,703,138
Total of funds	1,588,881	2,638,153	(2,604,896)	-	81,000	1,703,138

**Designated Fund**

**Property Fund**

The fund represents the sums expended on the charity's freehold property less accumulated depreciation and the mortgage value secured against the freehold property.

**Unrestricted Funds**

**Pension Reserve**

The pension fund represents the total deficit attributable to the charity under defined benefit pension schemes. This has been separated from the other unrestricted reserves of the charity.

**18. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES**

	2016 £	As restated 2015 £
Net income for the year (as per Statement of Financial Activities)	33,257	39,823
<b>Adjustment for:</b>		
Depreciation charges	69,291	68,606
Dividends, interest and rents from investments	(10,624)	(9,456)
Loss on the sale of fixed assets	140	648
Pension finance cost	3,000	(45,000)
Pension cost less contributions payable	20,000	15,000
Increase in debtors	(487,190)	(328,549)
(Decrease)/increase in creditors	(120,115)	478,986
<b>NET CASH (USED IN)/PROVIDED BY OPERATING ACTIVITIES</b>	<b>(492,241)</b>	<b>220,058</b>



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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2016**

**19. ANALYSIS OF CASH AND CASH EQUIVALENTS**

	2016 £	2015 £
Cash in hand	1,214,647	1,760,223
	<u>1,214,647</u>	<u>1,760,223</u>

**20. PENSION COMMITMENTS**

The charity 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 charity. Pension costs in the year amounted to £21,498 (2015: £10,576).

The charity operates a defined benefit pension scheme.

Principal actuarial assumptions at the Balance Sheet date (expressed as weighted averages):

	2016	2015
Discount rate at 31 March	3.40 %	3.10 %
Expected return on scheme assets at 31 March	3.40 %	3.10 %
Future salary increases	4.10 %	4.00 %
Future pension increases	2.10 %	2.10 %

The assets in the scheme and the expected rates of return were:

	Fair value at 31 March 2016 £	Fair value at 31 March 2015 £
Equities	2,085,300	2,179,400
Bonds	566,000	544,800
Property	268,100	242,200
Cash	59,600	60,600
Total market value of assets	<u>2,979,000</u>	<u>3,027,000</u>

The amounts recognised in the Statement of Financial Activities are as follows:

	2016 £	2015 £
Interest on obligation	(96,000)	(118,000)
Expected return on scheme assets	93,000	163,000
Past service cost	(19,822)	(42,270)
	<u>(22,822)</u>	<u>2,730</u>

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**20. PENSION COMMITMENTS (continued)**

Movements in the present value of the defined benefit obligation were as follows:

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Opening defined benefit obligation	<b>3,112,000</b>	2,972,000
Interest cost	<b>96,000</b>	118,000
Contributions by scheme participants	<b>19,000</b>	20,000
Actuarial (Gains)/losses	<b>(151,000)</b>	185,000
Current service costs	<b>59,000</b>	56,000
Benefits paid	<b>(129,000)</b>	(239,000)
	<u><b>3,006,000</b></u>	<u>3,112,000</u>

Changes in the fair value of scheme assets were as follows:

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Opening fair value of scheme assets	<b>3,027,000</b>	2,856,000
Expected return on assets	<b>93,000</b>	163,000
Actuarial gains and (losses)	<b>(70,000)</b>	186,000
Contributions by employer	<b>39,000</b>	41,000
Contributions by scheme participants	<b>19,000</b>	20,000
Benefits paid	<b>(129,000)</b>	(239,000)
	<u><b>2,979,000</b></u>	<u>3,027,000</u>

The charity expects to contribute £39,000 to its defined benefit pension scheme in 2017.

Amounts for the current and previous three periods are as follows:

Defined benefit pension schemes

	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Defined benefit obligation	<b>(3,006,000)</b>	(3,112,000)	(2,972,000)	(2,538,000)
Scheme assets	<b>2,979,000</b>	3,027,000	2,856,000	2,534,000
Deficit	<u><b>(27,000)</b></u>	<u>(85,000)</u>	<u>(116,000)</u>	<u>(4,000)</u>
Experience adjustments on scheme assets	<u><b>(70,000)</b></u>	<u>186,000</u>	<u>128,000</u>	<u>118,000</u>

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**FAIR VALUE OF EMPLOYER ASSETS**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Equities	<b>70 %</b>	<b>72 %</b>
Bonds	<b>19 %</b>	<b>18 %</b>
Property	<b>9 %</b>	<b>8 %</b>
Cash	<b>2 %</b>	<b>2 %</b>
	<b>100</b>	<b>100</b>

The actuary estimates the bid value of the fund's assets as at 31 March 2016 to be £1,873,000 based on information provided by the Administering Authority and allowing for index returns where necessary.

**BREAKDOWN OF EXPECTED RETURN ON ASSETS BY CATEGORY**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Equities	<b>- %</b>	<b>6.7 %</b>
Bonds	<b>- %</b>	<b>3.5 %</b>
Property	<b>- %</b>	<b>4.8 %</b>
Cash	<b>- %</b>	<b>3.7 %</b>

Due to the changes in calculations and valuations provided by the actuary for FRS102, this information is no longer required for the calculation and therefore no longer available.

**MORTALITY ASSUMPTIONS**

Life expectancy is based on the Fund's Vita Curves with improvements in line with the CMI 2010 model assuming the current rate of improvements has peaked and will converge to a long term rate of 1.25% p.a., improvements will decline for the over 90's.

	<b>Males</b>	<b>Females</b>
	<b>years</b>	<b>years</b>
	<b>£</b>	<b>£</b>
Current pensioners	<b>22.3</b>	<b>24.3</b>
Future pensioners	<b>24.0</b>	<b>26.6</b>

**COMMUTATION**

An allowance is included for future retirements to elect to take 50% of the maximum additional tax-free cash up to HMRC limits for pre-April 2008 service and 75% of the maximum tax-free cash for post-April 2008 service.

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**HISTORIC MORTALITY**

Life expectancies for the prior period end are based on the Fund's Vita Curves. The allowance for future life expectancies are:-

- Prospective pensioners - current rate of improvements has peaked and will converge to a long term rate of 1.25% p.a.
- Pensioners - current rate of improvements has peaked and will converge to a long term rate of 1.25% p.a.

**21. OPERATING LEASE COMMITMENTS**

At 31 March 2016 the total of the Charity's future minimum lease payments under non-cancellable operating leases was:

	2016 £	2015 £
<b>AMOUNTS PAYABLE:</b>		
Within 1 year	32,316	23,471
Between 1 and 5 years	98,884	67,563
	<u>131,200</u>	<u>91,034</u>

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**22. RELATED PARTY TRANSACTIONS**

EMLC holds 14% of the ordinary share capital of Third Wave Enterprises Limited. There have been the following transactions during the year:

	2016 £	2015 £
<u>Transactions in the year</u>		
Rent recharge	13,500	13,500
Income from Master Trading Agreement and overheads recharged	2,500	21,123
Dividend income	7,000	7,000
Salaries	181,463	203,437
Amounts recharged	15,483	19,833
 Consultancy and other fees charged to EMLC	 36,564	 46,208
<u>Year end position</u>		
Year end balance owed by Third Wave Enterprises Limited	22,559	20,175

EMLC is a sponsor of EMLC Academy Trust. There have been the following transactions during the year:

	2016 £	2015 £
<u>Transactions in the year</u>		
Salaries and overheads recharged by EMLC (at cost)	130,265	293,758
Costs and other services recharged	33,001	5,695
Donation and expenses paid on behalf of EMLC Academy Trust	329,044	401,504
<u>Year end position</u>		
Year end balance owed (to) by EMLC Academy Trust	11,647	(16,915)

Other related party transactions during the year are as follows:

Mal Gyte Limited, a company owned by the wife of the Chairman was used for consultancy work on behalf of NCTL totalling £13,730 (2015: £1,000), £1,620 of which was outstanding at the year end. Further consultancy work was provided by Mrs J Marshall's husband, totalling £nil (2015: £67,556). £nil (2015: £1,296) was paid to B Thomas, a close family member of Mrs J Thomas (Executive Director) for marketing.

In their capacity as NCTL accredited assessors assessment fees of £822 (2015: £1,300) were paid to V Marshall, a close family member of Mrs J Marshall (Chief Executive Officer) and £5,653 (2015: £3,245) to R Thomas, a close family member of Mrs J Thomas.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2016**

**23. FIRST TIME ADOPTION OF FRS 102**

It is the first year that the company has presented its financial statements under Charities SORP 2015 (FRS102) and FRS 102. The following disclosures are required in the year of transition. The last financial statements prepared under previous UK GAAP were for the year ended 31 March 2015 and the date of transition to FRS 102 and Charities SORP 2015 (FRS102) was therefore 1 April 2014. As a consequence of adopting FRS 102 and Charities SORP 2015 (FRS 102), a number of accounting policies have changed to comply with those standards.

Reconciliations and descriptions of the effect of the transition to FRS 102 and Charities SORP 2015 (FRS 102) on total funds and net income/(expenditure) for the comparative period reported under previous UK GAAP and Charities SORP 2005 are given below.

<b>RECONCILIATION OF TOTAL FUNDS</b>	<b>Notes</b>	<b>1 April 2014 £</b>	<b>31 March 2015 £</b>
Total funds under previous UK GAAP		1,589,865	1,632,268
Interest rate swap valuation	1	(41,807)	(43,387)
Total funds reported under FRS 102		<u>1,548,058</u>	<u>1,588,881</u>

<b>Reconciliation of net income</b>	<b>Notes</b>	<b>31 March 2015 £</b>
Net income previously reported under UK GAAP		42,403
Loss on movement in interest rate swap valuation	1	(1,580)
Net movement in funds reported under FRS 102 / Charities SORP 2015 (FRS102)		<u>40,823</u>

Explanation of changes to previously reported funds and net income/expenditure:

- 1 FRS102 requires non basic financial instruments to be recognised and measured at fair value. The charity entered into an interest rate swap in 2009. At transition, being 1 April 2014, the fair value of the liability was £41,807. At 31 March 2015, the liability was revalued at £43,387. The movement on the liability was recognised as an expense in the SOFA. See note 16 for details of the interest rate swap.