

emlc

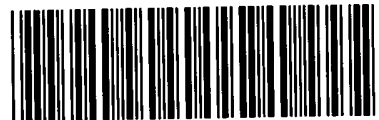
(A Charitable Company limited by guarantee)

Trustee's Report and Financial Statements

Year Ended 31 March 2017

Charity No: 1101512  
Company No: 04813638

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## **EMLC**

**(A Charitable Company limited by guarantee)**

### **Reference and Administrative Details of the Charity, its Trustees and Advisers**

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The Trustees of EMLC (hereafter referred to as the Charitable Company) are pleased to present their report together with the financial statements for the year ending 31 March 2017.

The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015).

Charity Number:	1101512
Company Number:	04813638
Registered Office and Operational Address:	Bridge House, Bridge Street Olney, Buckinghamshire MK46 4AB
Auditors:	RSM UK Audit LLP Abbotsgate House, Hollow Road, Bury St Edmunds, IP32 7FA
Bankers:	NatWest 41 The Drapery, Northampton, NN1 2EY
Solicitors:	Winckworth Sherwood LLP Minerva House, 5 Montague Close, London, SE1 9BB
Chief Executive Officer:	Jan Marshall
Company Secretary:	Sheila Cowley

### **Directors and Trustees**

The Directors of the Charitable Company are its Trustees for the purpose of law and throughout this report are collectively referred to as the Trustees.

G Gyte	Chair
W Adams	
J Adams	(appointed 16 September 2016)
A Chew	(appointed 15 September 2016)
C Henry	(appointed 15 September 2016)
R Briscoe	
R Moyse	(appointed 16 September 2016)
D Morris	(resigned 14 September 2016)

**EMLC**  
**(A Charitable Company limited by guarantee)**  
**Report of the Trustees for the year ended 31 March 2017**

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The Trustees (who are also directors of the charitable company for the purposes of the Companies Act) present their annual report together with the audited financial statements of EMLC for the year ended 31 March 2017.

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).

## **STRUCTURE, GOVERNANCE AND MANAGEMENT**

### **Constitution**

EMLC is a charitable 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 educational charity which specialises in leadership development, whose key objective is to 'advance education, in particular by promoting, improving and developing education leadership'.

### **Method of Appointment or Election of Trustees**

The management of the charitable 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**

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.

## **EMLC**

### **(A Charitable Company limited by guarantee)**

#### **Report of the Trustees for the year ended 31 March 2017**

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### **Organisational Structure and Decision Making**

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

### **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 major risks. 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>
(NCTL) Final Assessment Contract terminates December 2018	EMLC successfully bid and won an extension to the Final Assessment Contract until December 2018. This allows time to develop further income streams and diversify further.
(NCTL) National Professional Qualifications (NPQ's) bring in income but potentially significant number of competitors may exist across the country	EMLC successfully won a contract to be an accredited provider of NPQ's in the East, East Midlands regions and Milton Keynes. This accreditation was delayed due to 'purdah' but planning for development will take place in September for delivery in 2018.
Income streams reducing profitability	Our business model is to maintain a lean core team reinforced by assessors and facilitators when required. This enables the charity to maintain control of costs required to deliver services. EMLC Finance and Delivery team keep tight control of costs and promote our assessment expertise to other providers who may not have the skill or experience to develop and deliver against new assessment requirements. This will also allow a new diverse income stream.

## **OBJECTIVES AND ACTIVITIES**

### **Policies and Objectives**

EMLC was established in 2003 to create leaders who provide outstanding leadership both within their own establishments and influence other institutions. 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, because: every child deserves to be the best they can be.

Our approach:

- We identify, develop and access talented leaders through the delivery of national programmes and assessment contracts.
- Sponsoring schools to transform the educational outcomes achieved by our pupils in our schools. These schools are often in deprived areas and with disadvantaged students.
- 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 no matter what the background of students and their families.
- 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 as system leaders.
- 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 of 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 both within the charitable and by working through its strategic partner, Third Wave Enterprises.

### **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 experts 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 principals?
- Are we able to identify and make 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 develop and assess them against a set of competencies to identify potential leaders and address their development needs. We will offer this expertise particularly in assessment to the providers of leadership qualifications.

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**Report of the Trustees for the year ended 31 March 2017**

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We also work with a range of schools and academies across England to benchmark their leaders to identify and 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 promote EMLC assessment expertise to other providers of National Professional Qualifications in schools/ academy leadership.

**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 charitable company contribute to its charitable objectives. This translates into considerable donations to EMLC Academy Trust.

**ACHIEVEMENTS AND PERFORMANCE**

**Review of Activities**

**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

EMLC continues to deliver the national contract 'Final Assessment of the Modular Leadership Curriculum' on behalf of the National College for Teaching and Leadership: this is contracted until December 2018. 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 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.

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**Report of the Trustees for the year ended 31 March 2017**

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In the year ended 31 March 2017, the charity assessed the following quantities of participants under each Qualification on behalf of the College:

Level	Actual number assessed	Planned number of assessments
NPQML	3,562	3,194
NPQSL	2,891	2,386
NPQH (part 1)	531	940
NPQH (final)	713	838

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 during the course of the contract, although this is in part due to the timing of the assessments.

In the Final Assessment Contract 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.

We will begin delivering a new contract for the three National Professional Qualification for Middle Leaders, Senior Leaders, Aspiring Heads and Executive Principals in January 2018. This will involve both the design development and assessment of participants.

**Objective 2:** To promote our expertise in assessment of Middle, Senior and aspiring leaders to the new providers of the National Professional Qualifications (NPQ's)

The EMLC team are working on a marketing strategy to provide the assessment element of the NPQ's to other deliverers of the NPQ's Contract.

### **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 and encourages networking of both today's and tomorrow's school leaders.

### **Factors Relevant to Achieve Objectives**

EMLC staff are highly experienced in the delivery of both leadership development and assessment and have a track record of being able to deliver the contract to meet the requirements of NCTL.

With the increasing numbers we are investing 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. We intend to review and upgrade the current website so it is fit for the marketing and delivery of new streams of work.



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**Report of the Trustees for the year ended 31 March 2017**

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**Financial Review**

Net expenditure for the year, before adjustments required for the pension scheme valuation, were £26,558 (2016: net income of £33,257). Net movement in funds for the year was £230,442 (2016: £114,257).

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 £1,107,411 (2016: £1,095,618). A pension reserve within unrestricted funds represents the current LGPS pension scheme surplus of £215,000 (2016: deficit of £27,000). At 31 March 2017 the charitable company had total funds of £1,933,580 (2016: £1,703,138). Note 17 has details of the make-up of these funds.

The principal income stream during the year ended 31 March 2017 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 in the pricing structure.

A key risk to EMLC was that the contract with NCTL was due to finish in 2017. However EMLC successfully bid for an extension to the contract, and the contract has been extended to December 2018. Other income streams are being researched and developed, including new income generating projects and bids into grant funded projects.

**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 of £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 £611,169 (2016: £634,520) could be sufficient to fulfil this aim.

**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 Trustees consider the Chief Executive Officer and executive directorship team as comprising the key management personnel of the charity in charge of directing and controlling, running and operating the charitable company on a day to day basis.

The pay of all employees, including the Chief Executive Officer 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. Further information is included in note 10 to the accounts.

### **Related Party Relationships**

EMLC holds 14% 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. This contract was independently procured using the OJEU process.

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

### **Principal Funding**

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

### **Donation**

EMLC donated to EMLC Academy Trust the following in the year ended 31 March 2017:

1. Expenses borne on behalf of EMLC Academy Trust of £25,545
2. Donation of strategic leadership and operational time valued at £283,100 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.

## **PLANS FOR THE FUTURE**

### **Future Developments**

EMLC will continue to deliver the Final Assessment contract for the NCTL efficiently and effectively until December 2018.

EMLC has recently become an accredited provider and assessor for the new National Professional Qualifications for Middle Leaders, Senior Leaders, Aspiring Heads and Executive Principals. These exciting new qualifications will be delivered from January 2018.

EMLC will continue to be the sponsor for EMLC Academy Trust providing both governance and leadership support. This provides an additional income stream for EMLC, charging for staff time at cost under the ESFA policy for related parties.

The charity will strive to increase the number of discrete income streams to provide diversification and reduce reliance upon just one. There are a number of areas which are being researched and developed, including new income generating projects and bids into grant funded projects, and into which EMLC is actively investing resources in order to achieve a multi-faceted future.

### **Trustees' Responsibilities Statement**

The Trustees (who are also the 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 judgements 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.

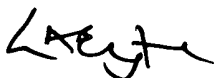
The Trustees are responsible for keeping adequate records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with 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.

### **Disclosure of Information to Auditors**

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

- so far as the Trustees are aware, there is no relevant audit information of which the charitable company's auditors are unaware, and
- that the Trustees have taken all the steps that ought to have been taken as Trustees 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 17/10/ 2017 and signed on their behalf by:-



**G Gyte**  
**Chairman**

## **EMLC**

**(A Charitable Company limited by guarantee)**

**Independent Auditor's Report to the Members of ELMC for the year ended 31 March 2017**

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### **Opinion on financial statements**

We have audited the financial statements of EMLC (the 'charitable company') for the year ended 31 March 2017 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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 2017 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.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditscopeukprivate>

### **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 and, based on the work undertaken in the course of our audit, the Trustees' Report has been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Trustees' Report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; 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.

### **Respective responsibilities of trustees and auditor**

As explained more fully in the Statement of Trustees' responsibilities set out on page 9, 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 (APB's) Ethical Standards for Auditors.

**EMLC**

**(A Charitable Company limited by guarantee)**

**Independent Auditors' Report to the Members of ELMC for the year ended 31 March 2017**

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

*RSM UK Audit LLP*

Laragh Jeanroy (Senior Statutory Auditor)

For and on behalf of RSM UK AUDIT LLP, Statutory Auditor

Chartered Accountants

Abbotsgate House

Hollow Road

Bury St Edmunds

Suffolk

IP32 7FA

*15/12/2017*

**EMLC****(A Charitable Company limited by guarantee)****Statement of financial activities (incorporating income and expenditure account)****For the year ended 31 March 2017**

	Note	Unrestricted £	Total 2017 £	Total 2016 £
<b>Income from:</b>				
Other trading activities	2	386,280	386,280	327,898
Investments	3	11,529	11,529	10,624
Charitable activities	4	2,145,426	2,145,426	2,299,631
<b>Total income</b>		<b>2,543,235</b>	<b>2,543,235</b>	<b>2,638,153</b>
<b>Expenditure on:</b>				
Costs of raising funds	5	362,224	362,224	302,728
Charitable activities	6	2,207,569	2,207,569	2,302,168
<b>Total expenditure</b>		<b>2,569,793</b>	<b>2,569,793</b>	<b>2,604,896</b>
<b>Net (expenditure)/income before other gains and losses</b>		<b>(26,558)</b>	<b>(26,558)</b>	<b>33,257</b>
Actuarial gains on defined benefit pension scheme	21	257,000	257,000	81,000
<b>Net movement in funds</b>		<b>230,442</b>	<b>230,442</b>	<b>114,257</b>
<b>Reconciliation of funds:</b>				
Total funds brought forward		1,703,138	1,703,138	1,588,881
Total funds carried forward		1,933,580	1,933,580	1,703,138

All activities relate to continuing operations.

The notes on pages 15 to 31 form part of these financial statements.

	Note	2017		2016	
		£	£	£	£
<b>Fixed assets</b>					
Tangible fixed assets	11		1,632,589		1,692,320
Investments	12		10		10
<b>Total fixed assets</b>			<b>1,632,599</b>		<b>1,692,330</b>
<b>Current assets</b>					
Debtors	13	309,681		929,880	
Cash at bank and in hand		1,048,280		1,214,647	
<b>Total current assets</b>		<b>1,357,961</b>		<b>2,144,527</b>	
<b>Liabilities</b>					
Creditors falling due within one year	14	(827,746)		(1,600,604)	
<b>Net current assets</b>			<b>530,215</b>		<b>543,923</b>
<b>Total assets less current liabilities</b>			<b>2,162,814</b>		<b>2,236,253</b>
<b>Creditors: amounts falling due after more than one year</b>	15		<b>(444,234)</b>		<b>(506,115)</b>
<b>Net assets excluding pension scheme liabilities</b>			<b>1,718,580</b>		<b>1,730,138</b>
Defined benefit pension scheme asset/(liability)	21		215,000		(27,000)
<b>Net assets including pension scheme liabilities</b>			<b>1,933,580</b>		<b>1,703,138</b>
<b>Charity Funds</b>					
Unrestricted funds	17		1,933,580		1,703,138
<b>Total funds</b>			<b>1,933,580</b>		<b>1,703,138</b>

The financial statements were approved and authorised for issue by the Trustees on 17/10/2017 and signed on their behalf, by:

  
G Gyte  
Chairman

**EMLC**  
**(A Charitable Company limited by guarantee)**  
**Cash flow statement for the year ended 31 March 2017**

	Note	2017	2016
		£	£
<b>Net cash used in operating activities</b>	19	<b>(118,706)</b>	<b>(499,937)</b>
<b>Cash flows from investing activities</b>			
Dividends, interest and rents from investments		11,529	10,624
Purchase of property, plant and equipment		(8,279)	(8,047)
<b>Cash used in investing activities</b>		<b>3,250</b>	<b>2,577</b>
<b>Cash flows from financing activities</b>			
Repayments of borrowings		(50,911)	(48,216)
<b>Net cash used in financing activities</b>		<b>(50,911)</b>	<b>(48,216)</b>
<b>Change in cash and cash equivalents in the year</b>		<b>(166,367)</b>	<b>(545,576)</b>
Cash and cash equivalents brought forward		1,214,647	1,760,223
<b>Cash and cash equivalents carried forward</b>	20	<b>1,048,280</b>	<b>1,214,647</b>

The notes on pages 15 to 31 form part of these financial statements



**EMLC****(A Charitable Company limited by guarantee)****Notes forming part of the financial statements for the year ended 31 March 2017**

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**1. ACCOUNTING POLICIES****1.1 Basis of preparation**

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 FRS102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

**1.2 Company Status**

The charity is a private company limited by guarantee, registered and incorporated in England. 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.

**1.3 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 charitable company 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.

**1.4 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.

**1.5 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 for Teaching and Leadership income is spread over the expected period of assessment.

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. ACCOUNTING POLICIES (CONTINUED)**

### **1.6 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 trading activities that raise funds.

Charitable activities 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.

Termination benefits are recognised immediately as an expense when the charity is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

### **1.7 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 the 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. ACCOUNTING POLICIES (CONTINUED)****1.8 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 basis:

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

**1.9 Investments**

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

**1.10 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.

**1.11 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.

**1.12 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. ACCOUNTING POLICIES (CONTINUED)**

### **1.13 Pensions**

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

The charitable company also 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.

### **1.14 Operating Leases**

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

### **1.15 Critical accounting estimates and areas of judgement**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstance.

The charitable company makes the following key accounting estimates and assumptions:

#### *Defined benefit pension scheme*

The charitable company has an obligation to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including life expectancy, asset valuations and expected future interest rates. The charitable company relies on actuarial advice in determining appropriate estimates for these factors. Further disclosure of these estimates and assumptions is provided within note 21.

The charitable company also must make the following key judgment in applying the entity's accounting policies:

#### *Income from charitable activities*

The income from final assessment programmes is not received in line with the provision of the services. As such the charitable company must judge the proportion of income received which would relate to services provided at a later date, and also the proportion of income, if any, which will be received at a later date for services that have been provided. In doing this the charitable company makes an estimate of the number of participants who will be undertaking future assessments.

**EMLC****(A Charitable Company limited by guarantee)****Notes forming part of the financial statements for the year ended 31 March 2017**

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**2. INCOME FROM OTHER TRADING ACTIVITIES**

	<b>Unrestricted Funds 2017 £</b>	<b>Total Funds 2017 £</b>	<b>Total Funds 2016 £</b>
Outsourcing and recharges of overheads	<b>386,280</b>	<b>386,280</b>	327,898

In 2016, all of the income from other trading activities was attributable to unrestricted funds.

**3. INVESTMENT INCOME**

	<b>Unrestricted Funds 2017 £</b>	<b>Total Funds 2017 £</b>	<b>Total Funds 2016 £</b>
Bank interest receivable	<b>2,191</b>	<b>2,191</b>	3,624
Dividend income from investments	<b>9,338</b>	<b>9,338</b>	7,000
	<b>11,529</b>	<b>11,529</b>	10,624

In 2016, all of the investment income was attributable to unrestricted funds.

**EMLC****(A Charitable Company limited by guarantee)****Notes forming part of the financial statements for the year ended 31 March 2017****4. INCOME FROM CHARITABLE ACTIVITIES**

	Unrestricted Funds 2017 £	Total Funds 2017 £	Total Funds 2016 £
Final assessment programmes	<u>2,145,426</u>	<u>2,145,426</u>	<u>2,299,631</u>

In 2016, all of the income from charitable activities was attributable to unrestricted funds.

**5. EXPENDITURE ON RAISING FUNDS**

	Unrestricted Funds 2017 £	Total Funds 2017 £	Total Funds 2016 £
Staff costs	<u>362,224</u>	<u>362,224</u>	<u>302,728</u>

In 2016, all of the expenditure on raising funds was from unrestricted funds.

**6. ANALYSIS OF EXPENDITURE BY ACTIVITIES**

	Activities undertaken directly 2017 £	Support and governance costs 2017 £	Total 2017 £	Total 2016 £
Final assessment programmes	1,128,524	807,940	1,936,464	1,973,124
Sponsorship	271,105	-	271,105	329,044
	<u>1,399,629</u>	<u>807,940</u>	<u>2,207,569</u>	<u>2,302,168</u>

**EMLC****(A Charitable Company limited by guarantee)****Notes forming part of the financial statements for the year ended 31 March 2017****7. DIRECT COSTS**

	Final Assessment	Sponsorship	Total 2017	Total 2016
	£	£	£	£
Movement in swap valuation	(10,605)	-	(10,605)	(7,696)
Pension – net finance cost	2,000	-	2,000	3,000
Delivery of services	719,240	-	719,240	699,895
Travel	24,357	-	24,357	26,729
Training and welfare	12,534	-	12,534	11,350
Occupancy costs	48,902	-	48,902	52,106
Printing and stationery	22,439	-	22,439	23,525
Consultancy	39,688	-	39,688	35,075
Donation and expenses paid on behalf of EMLC Academy Trust	-	25,545	25,545	71,150
Wages and salaries	200,166	245,560	445,726	558,564
National Insurance	21,806	-	21,806	31,371
Pension cost	12,259	-	12,259	22,486
Depreciation	35,738	-	35,738	35,915
	<u>1,128,524</u>	<u>271,105</u>	<u>1,399,629</u>	<u>1,563,470</u>

In 2016, all of the direct costs were from unrestricted funds.

**8. SUPPORT AND GOVERNANCE COSTS**

	General Support	Governance	Total 2017	Total 2016
	£	£	£	£
Travel	1,881	-	1,881	3,677
Training and welfare	5,186	-	5,186	5,339
Occupancy costs	48,902	-	48,902	52,106
Printing and stationery	14,960	-	14,960	15,684
Legal and professional	11,316	-	11,316	11,013
Auditors' remuneration	-	14,573	14,573	9,480
Governance fees	-	24,000	24,000	24,000
Research, marketing and advertising	59,447	-	59,447	98,451
Office costs	1,805	-	1,805	5,791
Finance costs	29,224	-	29,224	31,990
Trustees' expenses/meeting costs	-	7,920	7,920	1,837
IT costs	25,844	-	25,844	30,725
Disposal of assets	-	-	-	140
Irrecoverable VAT	(9,428)	-	(9,428)	(2,829)
Wages and salaries	415,416	-	415,416	349,089
National insurance	77,009	-	77,009	21,029
Pension cost	47,613	-	47,613	47,800
Depreciation	32,272	-	32,272	33,376
	<u>761,447</u>	<u>46,493</u>	<u>807,940</u>	<u>738,698</u>

In 2016, all of the direct costs were from unrestricted funds.

**EMLC****(A Charitable Company limited by guarantee)****Notes forming part of the financial statements for the year ended 31 March 2017****9. NET INCOME/(EXPENDITURE)**

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
This is stated after charging:		
Depreciation of tangible fixed assets:		
- owned by the charity	<b>68,010</b>	69,291
Auditor's remuneration	<b>7,500</b>	9,480
Auditor's remuneration – non-audit	<b>3,055</b>	3,060
	<u><b>          </b></u>	<u><b>          </b></u>

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

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

Staff costs were as follows:-

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Wages and salaries	<b>1,170,952</b>	1,170,557
Social security costs	<b>134,366</b>	72,402
Other pension costs	<b>76,735</b>	90,108
	<u><b>1,382,053</b></u>	<u><b>1,333,067</b></u>

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

	<b>2017</b>	<b>2016</b>
	<b>No.</b>	<b>No.</b>
Charitable activities	<b>13</b>	12
Management and administration	<b>7</b>	7
	<u><b>20</b></u>	<u><b>19</b></u>



**EMLC****(A Charitable Company limited by guarantee)****Notes forming part of the financial statements for the year ended 31 March 2017****10. STAFF COSTS, TRUSTEE REMUNERATION AND EXPENSES, AND THE COSTS OF KEY MANAGEMENT PERSONNEL (CONTINUED)**

The number of higher paid employees was:

	2017 No.	2016 No.
In the band £70,001 - £80,000	1	1
In the band £80,001 - £90,000	-	1
In the band £90,001 - £100,000	1	-
In the band £100,001 - £110,000	-	1
In the band £130,001 - £140,000	-	2
In the band £140,001 - £150,000	3	-
In the band £160,001 - £170,000	1	1

Staff costs for 2016-17 included employees working in part for EMLC Academy Trust thus increasing the total number of employees for that period.

Contributions of £27,366 (2016: £35,142) were payable to defined benefit schemes and £17,250 (2016: £12,002) made to defined contribution schemes in respect of higher paid employees.

The key management personnel of the charitable company 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 £559,150 (2016: £467,798)

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 (2016: £24,000) of which £2,000 (2016: £2,000) was outstanding at year end.

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 4 (2016: 3) Trustees received reimbursement of expenses amounting to £1,621 (2016: £2,296) in respect of reimbursement of travel, accommodation and subsistence costs. At the year end £582 (2016: £Nil) was outstanding.

Included within wages and salaries is £30,000 (2016: £Nil) relating to a termination payment for an employee.

**EMLC****(A Charitable Company limited by guarantee)****Notes forming part of the financial statements for the year ended 31 March 2017****11. TANGIBLE FIXED ASSETS**

	Freehold property and improvements £	Fixtures and fittings £	Computer Equipment £	Total £
<b>Cost</b>				
At 1 April 2016	1,870,096	113,798	143,071	2,126,965
Additions	-	842	7,437	8,279
Disposals	-	-	(363)	(363)
<b>At 31 March 2017</b>	<b>1,870,096</b>	<b>114,640</b>	<b>150,145</b>	<b>2,134,881</b>
<b>Depreciation</b>				
At 1 April 2016	253,142	60,639	120,864	434,645
Charge for the year	39,118	10,851	18,041	68,010
Eliminated on disposals	-	-	(363)	(363)
<b>At 31 March 2017</b>	<b>292,260</b>	<b>71,490</b>	<b>138,542</b>	<b>502,292</b>
<b>Carrying value</b>				
<b>At 31 March 2017</b>	<b>1,577,836</b>	<b>43,150</b>	<b>11,603</b>	<b>1,632,589</b>
At 31 March 2016	1,616,954	53,159	22,207	1,692,320

**12. FIXED ASSETS INVESTMENTS**

	Investments in participating interests £
<b>COST</b>	
At 1 April 2016 and 31 March 2017	10

**13. DEBTORS**

	2017 £	2016 £
Trade debtors	248,947	652,133
Amounts owed by undertakings in which the charitable company has a participating interest	33,951	34,206
Prepayments	26,783	243,541
	<b>309,681</b>	<b>929,880</b>

**EMLC****(A Charitable Company limited by guarantee)****Notes forming part of the financial statements for the year ended 31 March 2017****14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2017 £	2016 £
Bank loans and overdrafts	51,277	50,912
Trade creditors	62,000	147,658
Other taxation and social security	138,890	131,267
Other creditors	12,646	4,039
Accruals and deferred income	562,933	1,266,728
	<u>827,746</u>	<u>1,600,604</u>

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

Deferred income comprises advance assessment programme income for participants who have not yet completed the full programme.

	2017 £
Balance as at 1 April 2016	1,211,280
Amount released to income from charitable activities	(830,380)
Amount deferred in year	138,030
	<u>518,930</u>
Balance as at 31 March 2017	<u>518,930</u>

**15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2017 £	2016 £
Bank loans	419,148	470,424
Interest rate swap	25,086	35,691
	<u>444,234</u>	<u>506,115</u>

Included within the above are amounts falling due as follows:

	2017 £	2016 £
<b>BETWEEN ONE AND TWO YEARS</b>		
Bank loans	<u>51,306</u>	<u>51,277</u>
<b>BETWEEN TWO AND FIVE YEARS</b>		
Bank loans	<u>215,322</u>	<u>179,561</u>
<b>AFTER FIVE YEARS</b>		
Bank loans	<u>152,520</u>	<u>239,586</u>

**EMLC****(A Charitable Company limited by guarantee)****Notes forming part of the financial statements for the year ended 31 March 2017****15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR (CONTINUED)**

Creditors include amounts not wholly repayable within 5 years as follows

	2017 £	2016 £
Repayable by instalments	<u>152,520</u>	<u>239,586</u>

The bank loans are secured by way of a fixed and floating 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.

**16. FINANCIAL INSTRUMENTS**

	2017 £	2016 £
Financial assets measured at amortised cost	<u>282,898</u>	<u>686,339</u>
	<u>282,898</u>	<u>686,339</u>
Financial liabilities measured at fair value through income and expenditure	(25,086)	(35,691)
Financial liabilities measured at amortised cost	(589,076)	(673,033)
	<u>(614,162)</u>	<u>(708,724)</u>

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

Financial liabilities measured at amortised cost comprise trade creditors, accruals, bank loans 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. The fair value of the interest rate swap is £25,086 (2016: £35,691).

**EMLC****(A Charitable Company limited by guarantee)****Notes forming part of the financial statements for the year ended 31 March 2017****17. STATEMENT OF FUNDS**

	Brought forward £	Income £	Expenditure £	Transfers £	Gains/ (Losses) £	Carried forward £
<b>Designated Funds</b>						
Property Fund	1,095,618	-	(39,118)	50,911	-	1,107,411
Pension reserve	(27,000)	-	(15,000)	-	257,000	215,000
	<u>1,068,618</u>	<u>-</u>	<u>(54,118)</u>	<u>50,911</u>	<u>257,000</u>	<u>1,322,411</u>
<b>General Funds</b>						
General Funds	634,520	2,543,235	(2,515,675)	(50,911)	-	611,169
	<u>634,520</u>	<u>2,543,235</u>	<u>(2,515,675)</u>	<u>(50,911)</u>	<u>-</u>	<u>611,169</u>
Total Unrestricted funds	1,703,138	2,543,235	(2,569,793)	-	257,000	1,933,580
	<u>1,703,138</u>	<u>2,543,235</u>	<u>(2,569,793)</u>	<u>-</u>	<u>257,000</u>	<u>1,933,580</u>
Total of funds	<u>1,703,138</u>	<u>2,543,235</u>	<u>(2,569,793)</u>	<u>-</u>	<u>257,000</u>	<u>1,933,580</u>

**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.

**Pension Reserve**

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

**18. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

	Property fund £	Pension reserve £	General fund £	Total £
Tangible fixed assets	1,577,836	-	54,753	1,632,589
Investments	-	-	10	10
Net Current Assets	(51,277)	-	581,492	530,215
Long Term Creditors	(419,148)	-	(25,086)	(444,234)
Defined benefit pension scheme asset	-	215,000	-	215,000
	<u>1,107,411</u>	<u>215,000</u>	<u>611,169</u>	<u>1,933,580</u>
Total	<u>1,107,411</u>	<u>215,000</u>	<u>611,169</u>	<u>1,933,580</u>

**EMLC****(A Charitable Company limited by guarantee)****Notes forming part of the financial statements for the year ended 31 March 2017****19. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES**

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Net (expenditure)/income for the year	(26,560)	33,257
<b>Adjustment for</b>		
Depreciation charges	68,010	69,291
Dividends, interest and rents from investments	(11,529)	(10,624)
Loss on the sale of fixed assets	-	140
Pension finance cost	2,000	3,000
Pension cost less contributions payable	13,000	20,000
Movement on interest rate loan swap provision	(10,605)	(7,696)
Increase in debtors	620,199	(487,190)
Decrease in creditors	(773,221)	(120,115)
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<b>(118,706)</b>	<b>(499,937)</b>

**20. ANALYSIS CASH AND CASH EQUIVALENTS**

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Cash at bank and in hand	1,048,280	1,214,647

**21. PENSION COMMITMENTS**

The charitable company operated 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 company. Pension costs in the year amounted to £17,250 (2016: £21,498).

The charitable company also operates a defined benefit pension scheme.

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

	<b>2017</b>	<b>2016</b>
Discount rate at 31 March	<b>2.5%</b>	3.40%
Expected return on scheme assets at 31 March	<b>3.4%</b>	3.40%
Future salary increases	<b>2.7%</b>	4.10%
Future pension increases	<b>2.4%</b>	2.10%

**EMLC****(A Charitable Company limited by guarantee)****Notes forming part of the financial statements for the year ended 31 March 2017****21. PENSION COMMITMENTS (continued)**

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

	2017 £	2016 £
Interest on obligation	(99,000)	(96,000)
Expected return on scheme assets	97,000	93,000
Past service cost	-	(19,822)
	<u>(2,000)</u>	<u>(22,822)</u>

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

	2017 £	2016 £
Opening defined benefit obligation	3,006,000	3,112,000
Interest cost	99,000	96,000
Contributions by scheme participants	15,000	19,000
Actuarial losses/(gains)	626,000	(151,000)
Current service costs	44,000	59,000
Benefits paid	(267,000)	(129,000)
Defined benefit obligation at 31 March	<u>3,523,000</u>	<u>3,006,000</u>

Movements in the fair value of the defined benefit plan assets were as follows:

	2017 £	2016 £
Opening defined benefit plan assets	2,979,000	3,027,000
Interest income	97,000	93,000
Contributions by scheme participants	15,000	19,000
Contributions by employer	31,000	39,000
Return on plan assets (excluding net interest on the net defined benefit liability)	883,000	(70,000)
Benefits paid	(267,000)	(129,000)
Defined benefit plan assets at 31 March	<u>3,738,000</u>	<u>2,979,000</u>

The charity expects to contribute £30,000 to its defined benefit pension scheme in 2018

**FAIR VALUES OF EMPLOYER ASSETS**

	2017 £	2016 £
Equities	74%	70%
Bonds	17%	19%
Property	7%	9%
Cash	2%	2%
	<u>100%</u>	<u>100%</u>

**EMLC****(A Charitable Company limited by guarantee)****Notes forming part of the financial statements for the year ended 31 March 2017****22. PENSION COMMITMENTS (CONTINUED)**

The actuary estimates the bid value of the fund's assets as at 31 March 2017 to be £2,290,000,000 based on information provided by the Administering Authority and allowing for index returns where necessary.

**MORTALITY ASSUMPTIONS**

Life expectancy is based on the Fund's Vita Curves with improvements in line with the CM 2013 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.

	Males Years £	Females Years £
Current pensioners	22.1	24.2
Future pensioners	23.9	26.1

**COMMUNICATION**

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.

**HISTORIC MORTALITY**

Life expectancies for the 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.

**23. OPERATING LEASE COMMITMENTS**

At 31 March 2017 the total of the Charitable Company's non-property future minimum lease payments under non-cancellable operating leases were:-

	2017 £	2016 £
<b>AMOUNTS PAYABLE:</b>		
Within 1 year	30,692	32,316
Between 2 and 5 years	68,418	98,884
	<b>99,110</b>	<b>131,200</b>



**EMLC****(A Charitable Company limited by guarantee)****Notes forming part of the financial statements for the year ended 31 March 2017****24. 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:-

	2017 £	2016 £
<b>Transactions in the year:</b>		
Rent recharge	13,500	13,500
Income from Master Trading Agreement and overheads recharged	1,783	2,500
Dividend income	9,338	7,000
Salaries	185,513	181,463
Amounts recharged	7,986	15,483
Consultancy and other fees charged to EMLC	(63,897)	(36,564)
<b>Year end position</b>		
Year end balance owed by Third Wave Enterprises Limited	<u>21,813</u>	<u>22,559</u>

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

	2017 £	2016 £
<b>Transactions in the year</b>		
Salaries and overheads recharged by EMLC (at cost)	188,386	130,265
Costs and other services recharged	25,040	33,001
Donation and expenses paid on behalf of EMLC Academy Trust	308,645	329,044
<b>Year end position</b>		
Year end balance owed by EMLC Academy Trust	<u>12,138</u>	<u>11,647</u>

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 £10,005 (2016: £13,730).

In the capacity as NCTL accredited assessors assessment fees of £Nil (2016: £822) were paid to V Marshall, a close family member of Mrs J Marshall (Chief Executive Officer) and £6,762 (2016: £5,653) to R Thomas, a close family member of Mrs J Thomas (Executive Director).

