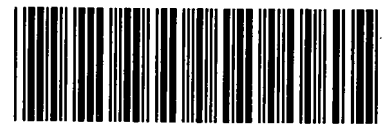

EMLC
(A Company Limited by Guarantee)

TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014

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EMLC
(A Company Limited by Guarantee)

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EMLC
(A Company Limited by Guarantee)

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE COMPANY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 MARCH 2014**

Trustees

E Anderson (resigned 24 January 2014)
D Bateson
G Berwick
K Crompton (resigned 15 January 2014)
M Esam
J Fairlie (resigned 24 January 2014)
G Gyte
D Morris
P Waterhouse (resigned 24 January 2014)
S Cowley, Secretary (appointed 26 September 2013)
E Pearson, Secretary (resigned 26 September 2013)

Company registered number

04813638

Charity registered number

1101512

Registered office

Bridge House
Bridge Street
Onley
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

EMLC
(A Company Limited by Guarantee)

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE COMPANY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 MARCH 2014**

Administrative details (continued)

Bankers

National Westminster Bank PLC
41 The Drapery
Northampton
NN1 2EY

Bank of Scotland
600 Gorgie Road
Edinburgh
EH11 3XP

Solicitors

Bates, Wells and Braithwaite London LLP
2-6 Cannon Street
London
EC4M 6XR

EMLC
(A Company Limited by Guarantee)

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 MARCH 2014

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 2014. 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" issued in March 2005.

Structure, governance and management

CONSTITUTION

EMLC is a company limited by guarantee and governed by a Memorandum and Articles of Association and the registered charity number is 1101512. It is registered as a charity with the Charity Commission.

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'.

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

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 quarterly and there is a sub-committee covering finance and human resource issues. A Chief Executive is appointed by the Trustees 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.

EMLC
(A Company Limited by Guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 MARCH 2014

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 risks.

Objectives and Activities

POLICIES AND OBJECTIVES

EMLC is a national leadership charity specialising in the identification, assessment and development of the future leaders of our 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 achieve public benefit by making a difference to these life chances through:

- Delivering a high profile national contract on behalf of the National College of Teaching and Leadership to assess the potential leaders of schools across England.
- Promoting and developing good and outstanding leadership in schools through the sharing of knowledge of effective leadership in schools at all levels
- Sponsoring schools to transform the educational outcomes achieved by our pupils in our schools.

EMLC uses its expertise to develop exceptional leadership throughout our academies: leaders with flair, passion, innovation where pupils are leaders of their own learning and with learning environments that promote aspirations and ambition.

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 achieving public benefit by making a difference to these life chances through:

- Promoting and developing good and outstanding leadership in schools in particular schools where there has been long term systemic failure.
- Sponsoring schools to transform the quality of the teaching and learning experienced by all children in our schools.

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

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.

EMLC
(A Company Limited by Guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 MARCH 2014

- 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?

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

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.

<p>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</p>
--

<p>Objective 2: To develop leadership benchmarking tools and recruitment strategies that support the identification of talent and provide for their development needs.</p>

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 when reviewing the objectives, aim and future activities. In particular, the Trustees have considered how planned activities will contribute to the charitable objectives.

Achievements and performance

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.

REVIEW OF ACTIVITIES

<p>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</p>
--

EMLC
(A Company Limited by Guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 MARCH 2014

EMLC continued to deliver the national contract 'Final Assessment of the Modular Leadership Curriculum' on behalf of the National College for Teaching and Leadership: this is contract until 2016. 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.

Objective 2: To develop leadership benchmarking tools and recruitment strategies that supports the identification of talent and provide for their development needs.

The EMLC team have developed a benchmarking tool for middle leaders with high potential and for those aspiring to headship. These tools have been in the pilot stage over the last few months and have been used in the EMLC Academy Trust as part of the recruitment of new school leaders both at Principal and Vice Principal level. The next phase of the roll out will be to use the middle leader benchmarking tool to identify and develop middle leadership talent both within and outside of our own academies particularly focussed on their leadership of teaching and learning.

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.

FACTORS RELEVANT TO ACHIEVE OBJECTIVES

The 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.

EMLC
(A Company Limited by Guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 MARCH 2014

Financial review

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 expenditure. The interim target is to have free reserves of not less than 9 months expenditure, this will provide sufficient funds to cover management and administration and support costs required to continue the pursuit of additional contracts.

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.

DONATION

EMLC donated the following to EMLC Academy Trust in the year ended 31 March 2014:

1. Cash donation of £93,926 plus expenses of £7,870 = Total £101,796
2. Donation of a significant strategic leadership time in order to establish a sustainable infrastructure to 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 contract for the NCTL efficiently and effectively. We will be expanding our work with the Leadership Benchmarking Tools and supporting leadership recruitment both within and outside our academies. EMLC will continue to be the accredited sponsor for the EMLC Academy Trust providing both governance and leadership support.

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

EMLC
(A Company Limited by Guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 MARCH 2014

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 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.

In preparing this report, the Trustees have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the Trustees on 20/11/2014 and signed on their behalf by:



G Gyte
Chairman

EMLC
(A Company Limited by Guarantee)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EMLC

We have audited the financial statements of EMLC for the year ended 31 March 2014 set out on pages 11 to 26. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

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 2014 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 applicable to Smaller Entities; 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.

EMLC
(A Company Limited by Guarantee)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EMLC

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 prepare the financial statements in accordance with the small companies regime and to take advantage of the small companies' exemption from the requirement to prepare a Strategic Report or in preparing the Trustees' 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
4 December 2014

EMLC
(A Company Limited by Guarantee)

STATEMENT OF FINANCIAL ACTIVITIES
(Incorporating Income and Expenditure Account)
FOR THE YEAR ENDED 31 MARCH 2014

	Note	Unrestricted funds 2014 £	Total funds 2014 £	Restated Total funds 2013 £
INCOMING RESOURCES				
Incoming resources from generated funds:				
Activities for generating funds	2	431,053	431,053	293,253
Investment income	3	32,254	32,254	43,635
Incoming resources from charitable activities	4	1,443,522	1,443,522	1,508,464
TOTAL INCOMING RESOURCES		1,906,829	1,906,829	1,845,352
RESOURCES EXPENDED				
Costs of generating funds:				
Costs of generating voluntary income	5	363,824	363,824	263,708
Charitable activities		1,459,625	1,459,625	1,515,793
Governance costs	9	31,920	31,920	74,281
TOTAL RESOURCES EXPENDED	6	1,855,369	1,855,369	1,853,782
NET INCOMING / (OUTGOING) RESOURCES BEFORE REVALUATIONS		51,460	51,460	(8,430)
Actuarial gains and losses on defined benefit pension schemes		(117,000)	(117,000)	30,000
NET MOVEMENT IN FUNDS FOR THE YEAR		(65,540)	(65,540)	21,570
Total funds at 1 April 2013		1,655,405	1,655,405	1,633,835
TOTAL FUNDS AT 31 MARCH 2014		1,589,865	1,589,865	1,655,405

The notes on pages 14 to 26 form part of these financial statements.

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

BALANCE SHEET
AS AT 31 MARCH 2014

	Note	£	2014 £	£	2013 £
FIXED ASSETS					
Tangible assets	12		1,788,136		1,862,118
Investments	13		10		10
			<u>1,788,146</u>		<u>1,862,128</u>
CURRENT ASSETS					
Debtors	14	114,141		149,417	
Cash at bank and in hand		1,609,822		530,774	
		<u>1,723,963</u>		<u>680,191</u>	
CREDITORS: amounts falling due within one year	15	(1,236,693)		(267,492)	
NET CURRENT ASSETS			<u>487,270</u>		<u>412,699</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>2,275,416</u>		<u>2,274,827</u>
CREDITORS: amounts falling due after more than one year	16		(569,551)		(615,422)
NET ASSETS EXCLUDING PENSION SCHEME LIABILITY			<u>1,705,865</u>		<u>1,659,405</u>
Defined benefit pension scheme liability	17		(116,000)		(4,000)
NET ASSETS INCLUDING PENSION SCHEME LIABILITY			<u>1,589,865</u>		<u>1,655,405</u>
CHARITY FUNDS					
Unrestricted funds:					
Unrestricted funds excluding pension liability		1,705,865		1,659,405	
Pension reserve		(116,000)		(4,000)	
Total unrestricted funds			<u>1,589,865</u>		<u>1,655,405</u>
TOTAL FUNDS			<u>1,589,865</u>		<u>1,655,405</u>

The financial statements have been prepared in accordance with the provisions applicable to small companies within Part 15 of the Companies Act 2006 and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

EMLC
(A Company Limited by Guarantee)

BALANCE SHEET (continued)
AS AT 31 MARCH 2014

The financial statements were approved by the Trustees on *20 November 2014* and signed on their behalf, by:


G Gyte
Chairman

The notes on pages 14 to 26 form part of these financial statements.

EMLC
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value, and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008). The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP), 'Accounting and Reporting by Charities' published in March 2005, applicable accounting standards and the Companies Act 2006.

1.2 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.

1.3 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 company and which have not been designated for other purposes.

1.4 Incoming resources

All incoming resources are included in the Statement of Financial Activities when the company has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

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.

1.5 Resources expended

Expenditure is accounted for on an accruals basis and has been included under expense categories that aggregate all costs for allocation to activities. Where costs cannot be directly attributed to particular activities they have been allocated on a basis consistent with the use of the resources.

Support costs are those costs incurred directly in support of expenditure on the objects of the charitable company and include project management carried out at Headquarters. Governance costs are those incurred in connection with administration of the charitable company and compliance with constitutional and statutory requirements.

All resources expended are inclusive of irrecoverable VAT.

1.6 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.

EMLC
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014

1. ACCOUNTING POLICIES (continued)

1.7 Cash flow

The financial statements do not include a Cash Flow Statement because the charitable company, as a small reporting entity, is exempt from the requirement to prepare such a statement under the Financial Reporting Standard for Smaller Entities (effective April 2008).

1.8 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. 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

1.9 Investments

Unlisted investments are stated at cost at the balance sheet date.

1.10 Operating leases

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

1.11 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 operates a defined benefits pension scheme and the pension charge is based on a full actuarial valuation dated 31 March 2014.

The charitable company operates a defined benefits pension scheme and the pension charge is based on a full actuarial valuation dated 31 March 2014. 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.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014

2. ACTIVITIES FOR GENERATING FUNDS

	Unrestricted funds 2014 £	Total funds 2014 £	Restated Total funds 2013 £
Outsourcing and recharges of overheads	431,053	431,053	293,253

3. INVESTMENT INCOME

	Unrestricted funds 2014 £	Total funds 2014 £	Restated Total funds 2013 £
Bank interest receivable	2,654	2,654	7,635
Dividend income from investments	12,600	12,600	28,000
Pension - net finance income	17,000	17,000	8,000
	<u>32,254</u>	<u>32,254</u>	<u>43,635</u>

4. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

	Unrestricted funds 2014 £	Total funds 2014 £	Restated Total funds 2013 £
Final assessment programmes	1,443,522	1,443,522	1,508,464

5. COSTS OF GENERATING VOLUNTARY INCOME

	Unrestricted funds 2014 £	Total funds 2014 £	Restated Total funds 2013 £
Staff costs	363,824	363,824	263,708

EMLC
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014**

6. ANALYSIS OF RESOURCES EXPENDED BY EXPENDITURE TYPE

	Staff costs 2014 £	Depreciation 2014 £	Other costs 2014 £	Total 2014 £	Total 2013 £
Staff costs	363,824	-	-	363,824	263,708
Costs of generating funds	363,824	-	-	363,824	263,708
Final assessment programmes	585,328	65,016	809,281	1,459,625	1,515,793
Governance	-	-	31,920	31,920	74,281
	949,152	65,016	841,201	1,855,369	1,853,782

7. DIRECT COSTS

	Total 2014 £	Restated Total 2013 £
Delivery of services	317,445	637,431
Travel	10,371	7,753
Training and welfare	4,527	1,238
Occupancy costs	41,367	33,123
Printing and stationery	31,183	51,682
Consultancy	68,598	54,141
Donation to EMLC Academy Trust	101,796	30,000
Wages and salaries	244,179	205,947
National insurance	26,541	19,520
Pension cost	14,083	8,515
Depreciation	32,508	55,075
	892,598	1,104,425

EMLC
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014

8. SUPPORT COSTS

	Total 2014 £	Restated Total 2013 £
Travel	15,233	5,159
Training and welfare	3,019	648
Occupancy costs	41,367	37,588
Printing and stationery	20,788	32,270
Legal and professional	14,570	13,175
Research, marketing and advertising	79,783	76,710
Office costs	1,002	2,773
Finance costs	35,996	40,703
IT costs	34,800	19,350
Disposal of assets	12,954	-
Irrecoverable VAT	(25,518)	(11,476)
Wages and salaries	252,399	92,457
National insurance	28,281	16,065
Pension cost	19,845	57,097
Depreciation	32,508	28,849
	<u><u>567,027</u></u>	<u><u>411,368</u></u>

9. GOVERNANCE COSTS

	Unrestricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Auditors' remuneration	8,000	8,000	12,412
Governance Fees	19,250	19,250	20,210
Allocation of office costs	-	-	37,598
Trustees expenses reimbursed	4,670	4,670	565
Depreciation	-	-	3,496
	<u><u>31,920</u></u>	<u><u>31,920</u></u>	<u><u>74,281</u></u>

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10. NET INCOMING / (OUTGOING) RESOURCES

This is stated after charging:

	2014 £	2013 £
Depreciation of tangible fixed assets:		
- owned by the charity	65,015	87,420
Auditors' remuneration	8,000	12,412
Pension costs	60,904	91,935
	<u>60,904</u>	<u>91,935</u>

2 Trustees received reimbursement of expenses amounting to £4,670 in the current year, (2013 - 1 Trustee - £565).

The Chair of Trustees received remuneration, as permitted by the memorandum of association, in respect of professional services amounting to £19,250, (2013: £19,800) of which £1,375 was outstanding as at 31 March 2014. M Esam received consultancy fees during the year amounting to £25,800 (2013: £2,000). No other Trustees received emoluments or benefits in kind during the year. No pension contributions were paid on behalf of any Trustees.

11. STAFF COSTS

Staff costs were as follows:

	2014 £	2013 £
Wages and salaries	800,628	507,033
Social security costs	87,620	64,341
Other pension costs (Note 17)	60,904	91,935
	<u>949,152</u>	<u>663,309</u>

The average monthly number of employees during the year was as follows:

	2014 No.	2013 No.
Charitable activities	7	7
Management and administration	10	9
	<u>17</u>	<u>16</u>

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11. STAFF COSTS (continued)

The number of higher paid employees was:

	2014 No.	2013 No.
In the band £80,001 - £90,000	1	0
In the band £90,001 - £100,000	0	1
In the band £100,001 - £110,000	1	0
In the band £110,001 - £120,000	0	2
In the band £130,001 - £140,000	1	1
In the band £140,001 - £150,000	1	0
	<u>4</u>	<u>4</u>

Pension contribution of £31,826 (2013: £31,826) were made to defined benefit schemes and £5,326 (2013: £7,418) made to defined contribution schemes in respect of higher paid employees.

12. TANGIBLE FIXED ASSETS

	Freehold property £	Fixtures and fittings £	Office equipment £	Total £
Cost				
At 1 April 2013	1,870,096	113,438	154,710	2,138,244
Additions	-	-	3,987	3,987
Disposals	-	(8,383)	(35,509)	(43,892)
At 31 March 2014	<u>1,870,096</u>	<u>105,055</u>	<u>123,188</u>	<u>2,098,339</u>
Depreciation				
At 1 April 2013	129,677	32,765	113,684	276,126
Charge for the year	41,278	10,215	13,522	65,015
On disposals	-	(3,248)	(27,690)	(30,938)
At 31 March 2014	<u>170,955</u>	<u>39,732</u>	<u>99,516</u>	<u>310,203</u>
Net book value				
At 31 March 2014	<u>1,699,141</u>	<u>65,323</u>	<u>23,672</u>	<u>1,788,136</u>
At 31 March 2013	<u>1,740,419</u>	<u>80,673</u>	<u>41,026</u>	<u>1,862,118</u>

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NOTES TO THE FINANCIAL STATEMENTS
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13. FIXED ASSET INVESTMENTS

	Investments in participating interests £
Cost	
At 1 April 2013 and 31 March 2014	10

14. DEBTORS

	2014 £	2013 £
Trade debtors	28,671	80,871
Amounts owed by undertakings in which the company has a participating interest	38,401	24,872
Prepayments and accrued income	47,069	43,674
	<u>114,141</u>	<u>149,417</u>

15. CREDITORS:
Amounts falling due within one year

	2014 £	2013 £
Bank loans and overdrafts	45,872	43,532
Trade creditors	63,739	71,317
Other taxation and social security	34,656	45,376
Other creditors	-	10,351
Accruals and deferred income	1,092,426	96,916
	<u>1,236,693</u>	<u>267,492</u>

Deferred income

Resources deferred during the year	£ 1,092,426
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The deferred balance relates to income received from milestone 1 of the Final Assessment Contract which is to be recognised over the estimated life of the cohort or intake to cover the fixed costs of maintaining the infrastructure.

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

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014

16. CREDITORS:
Amounts falling due after more than one year

	2014	2013
	£	£
Bank loans	569,551	615,422

Included within the above are amounts falling due as follows:

	2014	2013
	£	£
Between one and two years		
Bank loans	48,215	45,871
Between two and five years		
Bank loans	138,138	152,831
Over five years		
Bank loans	383,198	416,720

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

	2014	2013
	£	£
Repayable by instalments	383,198	416,720

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

17. PENSION COMMITMENTS

The charitable company operates a defined contribution pension scheme for the benefit of the employees. The assets of the scheme as administered by Trustess in a fund independent from those of the charitable company. Pension costs in the year amounted to £9,940 (2013: £15,097)

The charitable company operates a funded defined benefit pension scheme of the benefit of the employees in conjunction with a local government defined benefit pension scheme. The assets of the scheme are held separately from those of the charitable company.

The pension cost and provision for the year ending 31 March 2014 are based on the advice of a professionally qualified actuary. The most recent formal valuation is dated 31 March 2013. This valuation has been updated to 31 March 2014 by a qualified independent actuary using revised assumptions that are consistent with the requirements of FRS 17.

The contribution made for the year ended 31 March 2014 was £37,800. The expected contributions for the year to 31 March 2015 are approximately £37,000.

Under the projected unit method the current service cost will increase as the members of the scheme approach retirement.

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NOTES TO THE FINANCIAL STATEMENTS
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17. PENSION COMMITMENTS (continued)

Value of scheme assets and liabilities

	Value at 2014 £	Value at 2013 £
Market value of assets	2,856,000	2,534,000
Present value of scheme liabilities	(2,972,000)	(2,538,000)
Deficit in the scheme	(116,000)	(4,000)
Net pension liability	(116,000)	(4,000)

	2014 £	2013 £
Movements in deficit during the year:		
Deficit in scheme at beginning of year	(4,000)	(241,000)
Current year service cost	(45,000)	(46,000)
Contributions	33,000	245,000
Interest Cost	(111,000)	(110,000)
Actuarial (loss)/gain	(117,000)	30,000
Expected return on plan assets	128,000	118,000
Deficit in scheme at end of year	(116,000)	(4,000)

FAIR VALUE OF EMPLOYER ASSETS

	2014 £	2013 £
Equities	73 %	73 %
Bonds	19 %	22 %
Property	6 %	5 %
Cash	2 %	- %
Total	100	100

The principal assumptions used by the actuary to calculate the present value of the scheme's liabilities were as follows:

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FINANCIAL ASSUMPTIONS

	2014	2013
	% per annum	% per annum
	£	£
Pension rate increase	2.6 %	2.8 %
Salary increase rate	4.4 %	5.1 %
Expected return on assets	5.9 %	5.2 %
Discount rate	4.1 %	4.5 %

BREAKDOWN OF EXPECTED RETURN ON ASSETS BY CATEGORY

	2014	2013
	% per annum	% per annum
	£	£
Equities	6.7 %	5.8 %
Bonds	3.5 %	3.5 %
Property	4.8 %	3.9 %
Cash	3.7 %	3.0 %

MORTALITY ASSUMPTIONS

As discussed in the accompanying report, 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.

	Males	Females
	years	years
	£	£
Current pensioners	22.3	24.3
Future pensioners	24.0	26.6

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.

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 - year of birth, medium cohort and 1% p.a minimum improvements from 2010.
- Pensioners - year of birth, medium cohort and 1% p.a minimum improvements from 2010.

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18. OPERATING LEASE COMMITMENTS

At 31 March 2014 the charitable company had annual commitments under non-cancellable operating leases as follows:

	2014 £	2013 £
Expiry date:		
Within 1 year	949	705
Between 2 and 5 years	<u>17,677</u>	<u>17,598</u>

19. 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:

	2014 £	2013 £
<u>Transactions in the year</u>		
Rent recharge	13,500	-
Income from Master Trading Agreement and overheads recharged	29,677	9,253
Dividend income	12,600	28,000
Salaries and overheads recharged	263,490	222,371
Consultancy fees recharged	42,595	-
Consultancy fees paid	33,600	32,400
<u>Year end position</u>		
Year end balance owed by Third Wave Enterprises Limited	38,401	20,749
Year end balance owed to Third Wave Enterprises Limited	<u>-</u>	<u>15,600</u>

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NOTES TO THE FINANCIAL STATEMENTS
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RELATED PARTY TRANSACTIONS (continued)

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

	2014	2013
	£	£
<u>Transactions in the year</u>		
Management fee charged	179,628	51,878
Consultancy fee recharged	12,000	-
Room hire and other services recharged	15,202	-
 Donation to EMLC Academy Trust	 101,796	 30,000
<u>Year end position</u>		
Owed by EMLC Academy Trust	27,823	4,123

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 totalling £2,000. Further consultancy work was provided by Mrs J Marshall's husband, totalling £9,600 and James Fairlie, a trustee, totalling £3,405 in the year.