

COMPANY REGISTRATION NUMBER: 02800301
CHARITY REGISTRATION NUMBER: 1019299

Association of Colleges in the Eastern Region
Company Limited by Guarantee
Unaudited Financial Statements
For the year ended
31 July 2018

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Association of Colleges in the Eastern Region

Company Limited by Guarantee

Financial Statements

Year ended 31 July 2018

	Pages
Trustees' annual report (incorporating the director's report)	1 to 6
Independent examiner's report to the trustees	7 to 8
Statement of financial activities (including income and expenditure account)	9
Statement of financial position	10 to 11
Statement of cash flows	12
Notes to the financial statements	13 to 26

Association of Colleges in the Eastern Region

Company Limited by Guarantee

Trustees' Annual Report (Incorporating the Director's Report) *(continued)*

Year ended 31 July 2018

The trustees, who are also the directors for the purposes of company law, present their report and the unaudited financial statements of the charity for the year ended 31 July 2018.

Reference and administrative details

Registered charity name	Association of Colleges in the Eastern Region
Charity registration number	1019299
Company registration number	02800301
Principal office and registered office	Silvaco Technology Centre Compass Point St Ives PE27 5JL

The trustees

Corrienne Peasgood	
Nikos Savvas	
Gillian Worgan	
Alan Whittaker	
Mark Robertson	
Vivien Gillespie	
Andrew Sparks	(Appointed 10 July 2018)
Timothy Eyton-Jones	(Resigned 9 April 2018)
Karen Spencer	(Resigned 20 September 2017)

Peter Brophy and David Hughes were appointed as trustees on 1 August 2018.

Under article 25, the number of Directors 'shall not be less than five nor unless determined by the Company in a general meeting, more than twelve'. Directors are appointed for a term of 3 years and can be reappointed.

INDEPENDENT EXAMINER	Shane Tharby FCA For and on behalf of Streets Chartered Accountants 3 Wellbrook Court Girton Cambridge CB3 0NA
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INVESTMENT ADVISER	Alan Boswell Group Harbour House 126 Thorpe Road Norwich NR1 1UL
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BANKERS	Lloyds Bank Plc 3 Sidney Street Cambridge CB2 3HQ
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Association of Colleges in the Eastern Region

Company Limited by Guarantee

Trustees' Annual Report (Incorporating the Director's Report) *(continued)*

Year ended 31 July 2018

Structure, governance and management

Status

The Association of Colleges in the Eastern Region (ACER) was incorporated in April 1993 to serve the further education (FE) corporations in the Eastern Region.

Organisational structure

ACER is an educational charity and a company limited by guarantee, serving its member colleges who appoint by election a Board of Directors to run the business. The Board appointed Keith Middleton as the Chief Executive to run the day to day management of the organisation. Full membership is confined to FE sector colleges in Eastern England. The responsibilities of the Directors are those of the trustees of a charity and under the Articles of Association, 'the business of the company shall be managed by the Board of Directors who may exercise all such powers of the company' as set out in the memorandum of association. The company submits its annual accounts to the Charity Commissioners and to Companies House.

Risk management

The Trustees conduct an ongoing examination of the major strategic, financial and operational risks which the charity faces, seeking professional advice as required. This examination includes reviewing the systems to enable regular information and reports to be produced so that the necessary steps can be taken to reduce these risks.

There is a standing item on finance at each Board meeting and the Board regularly reviews risk management. Both new and existing risks are evaluated and monitored and any new risks are brought to the attention of the Board. This allows ACER to comply with the Charities SORP (FRS 102) and to take early steps to mitigate risks which may otherwise prevent the organisation from achieving its objectives.

Objectives and activities

Charity objectives

The principal objective of the charity is to support FE corporations to provide high-quality, cost-effective education and training by acting as a regional focus for the sector.

Over the past few years ACER has diversified and extended its activities, within its principal charitable objective, including representing the interests of colleges at a regional and, where appropriate, national level, providing a wide range of services to colleges and managing and leading on a number of regional projects.

Association of Colleges in the Eastern Region

Company Limited by Guarantee

Trustees' Annual Report (Incorporating the Director's Report) *(continued)*

Year ended 31 July 2018

Achievements and performance

ACER Activities 2017-18

2017-18 was undoubtedly a notable year for ACER. The newly appointed CEO received a brief to look at sustainable models for supporting ACER's membership and, following a full member consultation in December 2017, it was identified that members desired an ACER merger with the AoC.

ACER took this step as, after 25 years of operation, it found itself in a very different post-16 learning and skills landscape, one in which the role of the regions as a geographic unit for planning and intervention has all but disappeared along with regional stakeholders and funding organisations. It is a landscape in which colleges frequently organise themselves more locally, often around LEP geographies and agendas to respond to skills challenges, funding opportunities and project delivery. It is also one in which membership organisations such as ACER and the AoC are seeking to provide more coherent support and services to their members through increased collaboration and amalgamation.

Despite uncertainties over their futures, the ACER team epitomised why ACER is so highly regarded by its members. With no additional resource, the team have worked collaboratively and innovatively to deliver a range of services and projects, against the backdrop of fewer project funding opportunities and reduced membership income. ACER continued to work tirelessly on behalf of its membership towards adding value to relationships with key stakeholders

ACER remained at the centre of post 16 teaching and learning improvement in the East of England in 2017-18 acting as the regional lead for national programmes. It continued to deliver a strong and well-received offer of support for leaders and governors, managers and practitioners through our networks and continuing professional development programme.

Networks

ACER convened a wide range of regional networks and special interest groups, through which members shared information, disseminated good practice and received regular updates from key national and regional bodies and businesses. The networks provided staff with structured opportunities to meet their peers, exchange information and share best practice.

Despite ever-increasing pressures on colleges' ability to release staff, attendance across ACER's networks in 17-18 remained strong. Network convenors worked hard with their respective chairs to ensure that the agendas were relevant, included presentations from leading specialists in the country and provided valuable opportunities for staff from different colleges to share challenges and solutions with their peers.

ACER's networks continue to be evaluated highly, provide fantastic opportunities to effectively and efficiently bring new ideas, best practice and stakeholders into the region presenting to college representatives en masse.

Association of Colleges in the Eastern Region

Company Limited by Guarantee

Trustees' Annual Report (Incorporating the Director's Report) *(continued)*

Year ended 31 July 2018

Achievements and performance *(continued)*

Professional Development Services (PDS)

ACER continued to provide high quality and responsive professional development services (PDS) to its members during 2017-18. ACER ran 16 open events and 10 in-house support sessions. Popular themes this year were Value Added measures, Apprenticeship Standards, Functional Skills development, using data effectively and improving teaching, learning and assessment. ACER also provided 30+ days of consultancy and professional expertise to its members. These were focused heavily on supporting providers post-ABR. Evaluation feedback has remained very positive with 96% rating our PDS as good or better.

End Point Assessment Hub

ACER has responded to regional demand to secure high quality end point assessments in the region. As one of only two nationally approved pilots ACER is working with City and Guilds to develop a consortium approach to assessments. Consortium members provide assessors for the hub, will have their demand met through the hub and will benefit from a unique package of City and Guilds benefits and discounts. Following the successful piloting of the project it is envisaged that the hub will move on to service the needs of other providers within the region.

Education and Training Foundation (ETF) funded projects:

Developing your digital technology skills (English & Maths Pipeline)

In March 2017, the ETF extended ACER's contract for another 12 months (to March 2018). The contract was extended based on analysis from ACER's projects team and the positive feedback from course participants; 86% agreed that participating in the courses had improved their knowledge of the topic and would have a positive impact on their practice (68% subsequently agreed that participation had actually had a positive impact on their practice) and 79% felt more confident in their use of digital technology. ACER supported a total of 152 practitioners during this year, through ten CPD events and a number of personalised support sessions. The 'Develop your digital technology skills in English and maths' courses will be offered through the Education and Training Foundation's 'Shaping Success' programme in 2018-19.

Improving outcomes for learners with SEND

Working in partnership, ACER and Natspec led a successful project focusing on Improving Outcomes for SEND Learners in 2017-18. The project helped providers design tailored Study Programmes that offer pathways to employment and adult life for young people with SEND. This included support for curriculum design around the needs of young people with SEND as providers prepare to implement the Post-16 Skills Plan. It helped to develop aspirational and innovative pathways to employment involving high quality work placements and worked with a range of partners to create programmes that promoted independence and community participation. It also included developing strategies to improve engagement and attainment in English and maths. Outputs included; 5 SEND-themed webinars accessed by over 400 practitioners and 3 interactive learning modules focusing on key strands of SEND provision. The project finished with an Innovative Practice event in May where project participants shared experiences of their collaborative development activity. The contract has been extended until March 2019.

Association of Colleges in the Eastern Region

Company Limited by Guarantee

Trustees' Annual Report (Incorporating the Director's Report) *(continued)*

Year ended 31 July 2018

Achievements and performance (continued)

Professional Exchange Networks (PENs)

ACER set up 4 new Professional Exchange Networks (PENs) with the aim of adding a sharply focussed, collaborative problem-solving dimension to some key strands of its regional network programme which also reflect priority areas identified by the ETF; Functional English & GCSE English, Functional Maths & GCSE Maths, ESOL and Embedded Approaches as a cross-cutting theme. The 3 new subject-specific PEN groups; English, maths and ESOL have all had at least 4 successful meetings during this academic year. ACER's Bob Read successfully led all the PENs with subject specialist support provided by ACER associates.

The 4th PEN group, focusing on Embedded Approaches was made up of two groups; one which drew from ACER's relevant regional contacts and the other from a sub-regional group, the Essex Provider Network, which consisted of a broader range of provider types. This approach has allowed ACER to meet a regional need but has also built valuable new links/relationships with providers operating in Essex. ACER has worked with 81 practitioners from 43 different providers through this successful PEN project.

Regional Specialist Leads

ACER was commissioned by the ETF to provide regional specialist leadership in maths and English for the third year. ACER manages the national network as well as providing a Regional Specialist Lead for the East of England.

Regional specialist leads engage all providers across the sector; supporting them to identify needs, advising on CPD opportunities, facilitating networks and communities to share good practice and working with the ETF and delivery partners to improve CPD opportunities.

Financial review

Investment powers

These are governed by the memorandum and articles of association which permit funds to be invested in investments, securities or property at the discretion of the directors.

Investment policy and performance

In accordance with the powers given in its governing document, the charity has delegated the management of its investment portfolio to a specialist advisor. The charity has instructed its investment managers to balance capital growth and income in managing its portfolio. The investment manager has completed these aims within current market conditions.

Reserves policy

The Trustees have determined that ACER should have sufficient reserves to meet all its liabilities plus sufficient funds to carry on the planned legacy activities in 18/19.

Association of Colleges in the Eastern Region

Company Limited by Guarantee

Trustees' Annual Report (Incorporating the Director's Report) *(continued)*

Year ended 31 July 2018

Plans for future periods

ACER and the AoC have been working very closely towards implementing the changes the merger brings, with the needs and interests of members as our number one priority. ACER respects and values the long-term relationship it has had with its members and their contributions towards its success. ACER and AoC are committed to transparency in a process that will ensure that ACER's legacy is directed at continuing to support its membership. Many of the current ACER staff team have transferred to the AoC and will continue to support colleges in the East of England. There will be a range of ACER legacy activities in 2018/19 including networks, ETF project activity and English and maths specialist support. The East of England colleges have benefitted from the breadth and depth of support that ACER has provided and through these legacy activities, it is planned that this support will remain in place post-merger.

Small company provisions

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

The trustees' annual report was approved on 24/9/18 and signed on behalf of the board of trustees by:



Nikos Savvas
Trustee

Association of Colleges in the Eastern Region

Company Limited by Guarantee

Independent Examiner's Report to the Trustees of Association of Colleges in the Eastern Region

Year ended 31 July 2018

I report to the trustees on my examination of the financial statements of Association of Colleges in the Eastern Region ('the charity') for the year ended 31 July 2018.

Responsibilities and basis of report

As the trustees of the company (and also its directors for the purposes of company law) you are responsible for the preparation of the financial statements in accordance with the requirements of the Companies Act 2006 ('the 2006 Act').

Having satisfied myself that the accounts of the company are not required to be audited under Part 16 of the 2006 Act and are eligible for independent examination, I report in respect of my examination of the charity's accounts as carried out under section 145 of the Charities Act 2011 ('the 2011 Act'). In carrying out my examination I have followed the Directions given by the Charity Commission under section 145(5)(b) of the 2011 Act.

Independent examiner's statement

Since the charity's gross income exceeded £250,000 your examiner must be a member of a body listed in section 145 of the 2011 Act. I confirm that I am qualified to undertake the examination because I am a member of the Institute of Chartered Accountants in England and Wales (ICAEW), which is one of the listed bodies.

I have completed my examination. I confirm that no matters have come to my attention in connection with the examination giving me cause to believe:

1. accounting records were not kept in respect of the charity as required by section 386 of the 2006 Act; or
2. the financial statements do not accord with those records; or
3. the financial statements do not comply with the accounting requirements of section 396 of the 2006 Act other than any requirement that the accounts give a 'true and fair' view which is not a matter considered as part of an independent examination; or
4. the financial statements have not been prepared in accordance with the methods and principles of the Statement of Recommended Practice for accounting and reporting by charities applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

Association of Colleges in the Eastern Region

Company Limited by Guarantee

Independent Examiner's Report to the Trustees of Association of Colleges in the Eastern Region *(continued)*

Year ended 31 July 2018

I have no concerns and have come across no other matters in connection with the examination to which attention should be drawn in this report in order to enable a proper understanding of the accounts to be reached.



Shane Tharby FCA
Independent Examiner

For and on behalf of
Streets Chartered Accountants
3 Wellbrook Court
Girton
Cambridge
CB3 0NA

25/9/18

Association of Colleges in the Eastern Region

Company Limited by Guarantee

Statement of Financial Activities
(including income and expenditure account)

Year ended 31 July 2018

		2018	2017
	Note	Unrestricted funds £	Total funds £
Income and endowments			
Charitable activities	5	975,353	975,353
Investment income	6	15,134	15,134
Total income		<u>990,487</u>	<u>990,487</u>
Expenditure			
Expenditure on charitable activities	7,8	(1,045,047)	(1,045,047)
Total expenditure		<u>(1,045,047)</u>	<u>(1,045,047)</u>
Net gains on investments	10	6,084	6,084
Net expenditure		<u>(48,476)</u>	<u>(48,476)</u>
Other recognised gains and losses			
Actuarial gains on defined benefit pension schemes		195,000	195,000
Net movement in funds		<u>146,524</u>	<u>146,524</u>
Reconciliation of funds			
Total funds brought forward		803,414	803,414
Total funds carried forward		<u>949,938</u>	<u>949,938</u>

The statement of financial activities includes all gains and losses recognised in the year.
All income and expenditure derive from continuing activities.

The notes on pages 13 to 26 form part of these financial statements.

Association of Colleges in the Eastern Region

Company Limited by Guarantee

Statement of Financial Position

31 July 2018

	Note	2018 £	2017 £
Fixed assets			
Investments	15	279,451	273,367
Current assets			
Debtors	17	29,569	176,570
Investments	18	937,168	857,533
Cash at bank and in hand		77,729	96,132
		<u>1,044,466</u>	<u>1,130,235</u>
Creditors: amounts falling due within one year	19	<u>147,979</u>	<u>244,188</u>
Net current assets		<u>896,487</u>	<u>886,047</u>
Total assets less current liabilities		<u>1,175,938</u>	<u>1,159,414</u>
Provisions			
Other provisions	21	<u>30,000</u>	<u>—</u>
Net assets excluding defined benefit pension plan liability		<u>1,145,938</u>	<u>1,159,414</u>
Defined benefit pension plan liability	22	<u>(196,000)</u>	<u>(356,000)</u>
Net assets including defined benefit pension plan liability		<u>949,938</u>	<u>803,414</u>
Funds of the charity			
Unrestricted funds:			
Defined benefit pension reserve		(196,000)	(356,000)
Other unrestricted income funds		<u>1,145,938</u>	<u>1,159,414</u>
Total unrestricted funds		<u>949,938</u>	<u>803,414</u>
Total charity funds	23	<u>949,938</u>	<u>803,414</u>

For the year ending 31 July 2018 the charity was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

Directors' responsibilities:

- The members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476;
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of financial statements.

The statement of financial position
continues on the following page.

The notes on pages 13 to 26 form part of these financial statements.

Association of Colleges in the Eastern Region

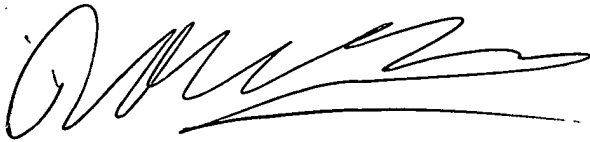
Company Limited by Guarantee

Statement of Financial Position *(continued)*

31 July 2018

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

These financial statements were approved by the board of trustees and authorised for issue on 24/9/18, and are signed on behalf of the board by:



Nikos Savvas
Trustee

The notes on pages 13 to 26 form part of these financial statements.

Association of Colleges in the Eastern Region

Company Limited by Guarantee

Statement of Cash Flows

Year ended 31 July 2018

	2018 £	2017 £
Cash flows from operating activities		
Net expenditure	(48,476)	(104,177)
<i>Adjustments for:</i>		
Net gains on investments	(6,084)	(18,831)
Dividends, interest and rents from investments	(10,423)	(10,118)
Other interest receivable and similar income	(4,711)	(4,234)
Defined benefit pension plan employer contributions	35,000	19,000
<i>Changes in:</i>		
Trade and other debtors	147,001	(97,452)
Trade and other creditors	(96,209)	108,095
Provisions and employee benefits	30,000	—
Cash generated from operations	46,098	(107,717)
Interest received	4,711	4,234
Net cash from/(used in) operating activities	<u>50,809</u>	<u>(103,483)</u>
Cash flows from investing activities		
Dividends, interest and rents from investments	10,423	10,118
Movement in cash deposits	(79,635)	144,642
Net cash (used in)/from investing activities	<u>(69,212)</u>	<u>154,760</u>
Net (decrease)/increase in cash and cash equivalents	(18,403)	51,277
Cash and cash equivalents at beginning of year	96,132	44,855
Cash and cash equivalents at end of year	<u>77,729</u>	<u>96,132</u>

The notes on pages 13 to 26 form part of these financial statements.

Association of Colleges in the Eastern Region

Company Limited by Guarantee

Notes to the Financial Statements

Year ended 31 July 2018

1. General information

The charity is a private company limited by guarantee, registered in England and Wales and a registered charity in England and Wales. The address of the registered office is Suite 1 Lancaster House, Meadow Lane, St Ives, PE27 4LG.

The charity is a public benefit entity as defined by FRS 102.

2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland', the 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) (Charities SORP (FRS 102)), the Companies Act 2006 and the Charities Act 2011.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets measured at fair value through income or expenditure.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Going concern

The charity merged with AoC on 1 August 2018 with some legacy activities remaining with ACER. Once these activities have completed, it is the intention that ACER will cease.

Consolidation

The charity is not required to prepare consolidated accounts in accordance with the Charities Act 2011, and has taken advantage of the option not to prepare consolidated financial statements contained in Section 398 of the Companies Act 2006 on the basis that the charity and its subsidiary undertakings comprise a small group.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant judgements

There are no judgements (apart from those involving estimations) that management has made in the process of applying the entity's accounting policies.

Association of Colleges in the Eastern Region

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 July 2018

3. Accounting policies *(continued)*

Judgements and key sources of estimation uncertainty *(continued)*

Key sources of estimation uncertainty

Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome. The key assumptions and other sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

Tangible fixed assets are recognised at cost, less accumulated depreciation. Depreciation is charged over the estimated useful life of the asset to its estimated residual value.

The recoverability of trade debtors are considered on a regular basis. When calculating the debtor provision, the trustees consider the age of the debts and the financial position of its customer.

Income tax

No provision has been made for corporation tax or deferred tax as the company is a registered charity and its income is exempt for tax purposes.

Fund accounting

Unrestricted funds are available for use at the discretion of the trustees to further any of the charity's purposes.

Designated funds are unrestricted funds earmarked by the trustees for particular future project or commitment.

Restricted funds are subjected to restrictions on their expenditure declared by the donor.

Income

All income is included in the statement of financial activities when entitlement has passed to the charity, it is probable that the economic benefits associated with the transaction will flow to the charity and the amount can be reliably measured. The following specific policies are applied to particular categories of income:

- Income from donations or grants is recognised when there is evidence of entitlement to the gift, receipt is probable and its amount can be measured reliably.
- Income from contracts for the supply of services is recognised with the delivery of the contracted service. This is classified as unrestricted funds unless there is a contractual requirement for it to be spent on a particular purpose and returned if unspent, in which case it may be regarded as restricted.

Expenditure

Expenditure is recognised on an accruals basis as a liability is incurred. Expenditure includes any VAT which cannot be fully recovered, and is classified under headings of the statement of financial activities to which it relates:

Association of Colleges in the Eastern Region

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 July 2018

3. Accounting policies *(continued)*

Expenditure *(continued)*

- Expenditure on charitable activities includes all costs incurred by a charity in undertaking activities that further its charitable aims for the benefit of its beneficiaries, including those support costs and costs relating to the governance of the charity apportioned to charitable activities.

Operating leases

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Assets purchased for under £1,000 are not capitalised in the financial statements.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Leasehold improvements	-	Over the initial period of the lease
Computer equipment	-	25 - 33.33% Straight line
Fixtures and fittings	-	25% straight line

Investments

Listed investments are measured at fair value with changes in fair value being recognised in profit or loss.

Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in income or expenditure unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in the statement of financial activities in the period it arises, and is allocated to the appropriate expenditure heading.

Association of Colleges in the Eastern Region

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 July 2018

3. Accounting policies *(continued)*

Financial instruments

A financial asset or a financial liability is recognised only when the entity becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the amount receivable or payable including any related transaction costs, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Debt instruments are subsequently measured at amortised cost.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised under the appropriate heading in the statement of financial activities in which the initial gain was recognised.

Any reversals of impairment are recognised immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised.

Pension costs

Retirement benefits to employees of the charity are provided by the Teachers' Pension Scheme ("TPS") and the Local Government Pension Scheme ("LGPS"). These are defined benefit schemes and the assets are held separately from those of the charity.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the charity in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in note 14, the TPS is a multi-employer scheme and the charity is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

The LGPS is a funded scheme and the assets are held separately from those of the charity 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 resources expended are the current service costs and gains and losses on 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 until 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.

Association of Colleges in the Eastern Region

Company Limited by Guarantee

Notes to the Financial Statements (continued)

Year ended 31 July 2018

Deferred income

Deferred income represents amounts received for future periods and is released to incoming resources in the period for which it has been expensed.

Value added tax

As the majority of the Association of Colleges in the Eastern Region's activities are classified as exempt or non-business activities for the purposes of value added tax, the Association of Colleges in the Eastern Region is unable to reclaim the value added tax which it suffers on its purchases. Expenditure in these financial statements is therefore shown inclusive of value added tax.

4. Limited by guarantee

The charity is a company limited by guarantee and has no share capital. The liability of each member in the event of winding up is limited to £1.

5. Charitable activities

	Unrestricted Funds £	Total Funds 2018 £	Unrestricted Funds £	Total Funds 2017 £
Supporting the efficiency and effectiveness of further education	975,353	975,353	708,901	708,901

6. Investment income

	Unrestricted Funds £	Total Funds 2018 £	Unrestricted Funds £	Total Funds 2017 £
Income from listed investments	10,423	10,423	10,118	10,118
Bank interest received	4,711	4,711	4,234	4,234
	15,134	15,134	14,352	14,352

7. Expenditure on charitable activities by fund type

	Unrestricted Funds £	Total Funds 2018 £	Unrestricted Funds £	Total Funds 2017 £
Supporting the efficiency and effectiveness of further education	765,204	765,204	583,306	583,306
Support costs	279,843	279,843	262,955	262,955
	1,045,047	1,045,047	846,261	846,261

Association of Colleges in the Eastern Region

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 July 2018

8. Expenditure on charitable activities by activity type

	Activities undertaken directly £	Support costs £	Total funds 2018 £	Total fund 2017 £
Supporting the efficiency and effectiveness of further education	<u>765,204</u>	<u>279,843</u>	<u>1,045,047</u>	<u>846,261</u>

9. Analysis of support costs

	Supporting the efficiency and effectiveness of further education £	Total 2018 £	Total 2017 £
Staff costs	117,610	117,610	144,804
Premises	99,058	99,058	82,525
General office	31,926	31,926	28,325
Legal and professional	31,249	31,249	7,301
	<u>279,843</u>	<u>279,843</u>	<u>262,955</u>

10. Net gains on investments

	Unrestricted Funds £	Total Funds 2018 £	Unrestricted Funds £	Total Funds 2017 £
Gains/(losses) on listed investments	<u>6,084</u>	<u>6,084</u>	<u>18,831</u>	<u>18,831</u>

11. Independent examination fees

	2018 £	2017 £
Fees payable to the independent examiner for:		
Independent examination of the financial statements	2,340	2,340
Other financial services	1,500	2,441
	<u>3,840</u>	<u>4,781</u>

Association of Colleges in the Eastern Region

Company Limited by Guarantee

Notes to the Financial Statements (continued)

Year ended 31 July 2018

12. Staff costs

The total staff costs and employee benefits for the reporting period are analysed as follows:

	2018	2017
	£	£
Wages and salaries	261,545	235,230
Social security costs	22,165	20,492
Employer contributions to pension plans	99,700	83,028
	<u>383,410</u>	<u>338,750</u>

The average head count of employees during the year was 8 (2017: 8).

The number of employees whose remuneration for the year fell within the following bands, were:

	2018	2017
	No.	No.
£60,000 to £69,999	<u>1</u>	<u>—</u>

Key Management Personnel

Key management personnel include all persons that have authority and responsibility for planning, directing and controlling the activities of the charity. The total compensation paid to key management personnel for services provided to the charity was £167,595 (2017:£197,850).

13. Trustee remuneration and expenses

No remuneration or other benefits from employment with the charity or a related entity were received by the trustees.

No expenses were reimbursed to the trustees in either the current or previous year.

14. Tangible fixed assets

	Leasehold improvements	Computer equipment	Fixtures and fittings	Total
	£	£	£	£
Cost				
At 1 August 2017 and 31 July 2018	<u>837</u>	<u>21,620</u>	<u>14,841</u>	<u>37,298</u>
Depreciation				
At 1 August 2017 and 31 July 2018	<u>837</u>	<u>21,620</u>	<u>14,841</u>	<u>37,298</u>
Carrying amount				
At 31 July 2018	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
At 31 July 2017	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>

Association of Colleges in the Eastern Region

Company Limited by Guarantee

Notes to the Financial Statements (continued)

Year ended 31 July 2018

15. Investments

	Listed investments £	Shares in group undertakings £	Total £
Cost or valuation			
At 1 August 2017	273,366	1	273,367
Additions	—	—	—
Fair value movements	6,084	—	6,084
At 31 July 2018	<u>279,450</u>	<u>1</u>	<u>279,451</u>
Impairment			
At 1 August 2017 and 31 July 2018	—	—	—
Carrying amount			
At 31 July 2018	<u>279,450</u>	<u>1</u>	<u>279,451</u>
At 31 July 2017	<u>273,366</u>	<u>1</u>	<u>273,367</u>

Listed investments shown above are held at fair value and shares in group undertakings are held at cost.

Financial assets held at fair value

The listed investments are held in a managed portfolio and are valued each year at market value. The historical cost of the investments at 31 July 2018 is £151,807 (2017 £151,807).

16. Investment entities

Subsidiaries and other investments

	Class of share	Percentage of shares held
Subsidiary undertakings		
ACER+ CIC	Ordinary	100

The results for subsidiaries and other undertakings are as follows:

	Capital and reserves		Profit/(loss) for the year	
	2018	2017	2018	2017
	£	£	£	£
Subsidiary undertakings				
ACER+ CIC	<u>1</u>	<u>1</u>	<u>—</u>	<u>—</u>

The address of the registered office of ACER+ CIC is Suite 1 Lancaster House, Meadow Lane, St Ives, PE27 4LG. ACER + CIC has been dormant throughout the current and previous year.

Association of Colleges in the Eastern Region

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 July 2018

17. Debtors

	2018	2017
	£	£
Trade debtors	12,999	130,155
Amounts owed by group undertakings	–	22,970
Prepayments and accrued income	16,570	23,445
	<u>29,569</u>	<u>176,570</u>

18. Investments

	2018	2017
	£	£
Bank deposits	<u>937,168</u>	<u>857,533</u>

19. Creditors: amounts falling due within one year

	2018	2017
	£	£
Trade creditors	57,830	64,495
Amounts owed to group undertakings	1	–
Accruals and deferred income	82,503	172,786
Social security and other taxes	7,645	6,907
	<u>147,979</u>	<u>244,188</u>

20. Deferred income

	2018	2017
	£	£
At 1 August 2017	102,801	46,268
Amount released to income	(102,801)	(46,268)
Amount deferred in year	31,214	102,801
At 31 July 2018	<u>31,214</u>	<u>102,801</u>

Income is deferred on contracts for services where the amounts received at the year end exceed the value of services provided.

21. Provisions

	Dilapidation provision £
At 1 August 2017	–
Additions	30,000
At 31 July 2018	<u>30,000</u>

Association of Colleges in the Eastern Region

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 July 2018

22. Pensions and other post retirement benefits

Defined benefit plans

The amount recognised in income or expenditure as an expense in relation to defined contribution plans was £99,700 (2017: £83,028).

Association of Colleges in the Eastern Region

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 July 2018

22. Pensions and other post retirement benefits *(continued)*

Defined benefit plans

The charity's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS); and the Local Government Pension Scheme (LGPS) which is managed by Suffolk County Council Pension Fund. Both are multi-employer defined benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2016.

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. The charity has 2 (2017: 2) members as at the balance sheet date.

The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis - these contributions along with those made by employers are credited.

Valuation of the Teachers' Pension Scheme

Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%

During the year the employer contribution rate was 16.4%. The TPS valuation for 2012 determined an employer rate of 16.4% from September 2015, which will be payable during the implementation period until the next valuation as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The pension costs paid to TPS in the period amounted to £6,243 (2017: £6,478)

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website.

Association of Colleges in the Eastern Region

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 July 2018

22. Pensions and other post retirement benefits *(continued)*

Under the definitions set out in the Charities SORP (FRS 102), the TPS is a multi-employer pension scheme. ACER has accounted for its contributions to the scheme as if it were a defined contribution scheme. The charity has set out above the information available on the scheme.

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 July 2018 was £75,122 (2017: £72,145), of which employer's contributions totalled £60,391 (2017: £59,702) and employees' contributions totalled £14,731 (2017: £12,443). The agreed contribution rates for future years are 22.5% per cent for employers and a maximum of 12.5% per cent for employees.

The statement of financial position net defined benefit liability is determined as follows:

	2018 £	2017 £
Present value of defined benefit obligations	(2,449,000)	(2,424,000)
Fair value of plan assets	2,253,000	2,068,000
	<u>(196,000)</u>	<u>(356,000)</u>

Changes in the present value of the defined benefit obligations are as follows:

	2018 £
At 1 August 2017	2,424,000
Current service cost	85,000
Interest expense	66,000
Benefits paid	(51,000)
Contributions by plan participants	14,000
Remeasurements:	
Actuarial gains and losses	(89,000)
At 31 July 2018	<u>2,449,000</u>

Changes in the fair value of plan assets are as follows:

	2018 £
At 1 August 2017	2,068,000
Interest income	56,000
Benefits paid	(51,000)
Contributions by employer	60,000
Contributions by plan participants	14,000
Remeasurements:	
Actuarial gains and losses	106,000
At 31 July 2018	<u>2,253,000</u>

Association of Colleges in the Eastern Region

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 July 2018

22. Pensions and other post retirement benefits *(continued)*

The total costs for the year in relation to defined benefit plans are as follows:

	2018 £	2017 £
Recognised in income or expenditure:		
Net interest expense	<u>35,000</u>	<u>19,000</u>
Recognised in other recognised gains and losses:		
Remeasurement of the liability:		
Actuarial gains and losses	<u>195,000</u>	<u>426,000</u>

The principal actuarial assumptions as at the statement of financial position date were:

	2018 %	2017 %
Discount rate	2.80	2.70
Expected rate of salary increase	1.10	1.10
Expected rate of increase in pensions	2.40	2.50
Mortality rates:		
Current pensioners at 65 - male	21.90	21.90
Current pensioners at 65 - female	24.40	24.40
Future pensioners at 65 - male	23.90	23.90
Future pensioners at 65 - female	<u>26.40</u>	<u>26.40</u>

23. Analysis of charitable funds

Unrestricted funds

	At 1 August 2017 £	Income £	Expenditure £	Gains and losses £	At 31 July 2018 £
General funds	1,037,855	990,487	(1,010,047)	–	1,018,295
Revaluation reserve	121,559	–	–	6,084	127,643
Pension	(356,000)	–	(35,000)	195,000	(196,000)
	<u>803,414</u>	<u>990,487</u>	<u>(1,045,047)</u>	<u>201,084</u>	<u>949,938</u>

24. Analysis of net assets between funds

	Unrestricted Funds £	Total Funds 2018 £	Total Funds 2017 £
Investments	279,451	279,451	273,367
Current assets	1,044,466	1,044,466	1,130,235
Creditors less than 1 year	(147,979)	(147,979)	(244,188)
Provisions	(30,000)	(30,000)	–
Defined benefit pension	(196,000)	(196,000)	(356,000)
Net assets	<u>949,938</u>	<u>949,938</u>	<u>803,414</u>

Association of Colleges in the Eastern Region

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 July 2018

25. Operating lease commitments

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2018	2017
	£	£
Not later than 1 year	2,000	–
Later than 1 year and not later than 5 years	–	60,000
	<u>2,000</u>	<u>60,000</u>

26. Related parties

The company has no ultimate controlling party.

During previous years a wholly owned trading subsidiary, ACER+ CIC operated as a Community Interest Company to undertake activities which fall within the scope of the charity's own objectives but have been undertaken via a separate entity for commercial reasons. The charity supported the initial set up of ACER+ CIC by providing short term assistance to cover the initial development phase of the company. The amount owed to ACER+ CIC at the year end amounted to £1 (2017 - £22,970 owed by ACER+ CIC). ACER+ CIC has been dormant since 31 July 2014.