

Charity Registration No. 328154

Company Registration No. 02238053 (England and Wales)

ECTARC LIMITED

ANNUAL REPORT AND UNAUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

THURSDAY



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29/11/2018

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COMPANIES HOUSE

ECTARC LIMITED

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees	Ms R W Hughes Mrs K S Lennox Mrs S Cheshire	(Appointed 1 December 2017)
Charity number	328154	
Company number	02238053	
Registered office	Parade Street Llangollen Nth Wales LL20 8RB	
Independent examiner	Mitchell Charlesworth LLP 24 Nicholas Street Chester CH1 2AU	

ECTARC LIMITED

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ECTARC LIMITED

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)

FOR THE YEAR ENDED 31 MARCH 2018

The trustees present their report and financial statements for the year ended 31 March 2018.

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the charity's governing document, the Companies Act 2006 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" (as amended for accounting periods commencing from 1 January 2016)

Objectives and activities

The charity's objects are the promotion, maintenance, improvement of education and training within Wales, elsewhere in the United Kingdom and in the regions of Europe. The charity will deliver this by organising and taking part in education and training projects and programmes which stimulate an interest and understanding of the cultures and languages of the countries and regions of Europe.

The trustees have paid due regard to guidance issued by the Charity Commission in deciding what activities the charity should undertake. The trustees believe that the aims, objectives and services provided by the charity, reflected in the above paragraph, are compliant with the Charity Commission Guidance on Public benefit and the public benefit is further exemplified in the following statements of achievements and performance.

Achievements and performance

Erasmus+ Inward

Programmes April 2017 to March 2018

The number of ERASMUS+ VET mobility placements increased by 16% from 144 – 167. The ERASMUS+ inward team now operates with less staff than in previous years and although in the peak months of March / April, June / July and September / October staff were spread thinly, we benefitted from the help of very capable ERASMUS+ interns. Going forward, earlier negotiation with partners over dates will take place to try and ease pressure on time and accommodation.

Evaluation showed a high level of satisfaction with language courses, accommodation and work placements. Around 45 students took Trinity College London spoken English exams and the pass rate was 100% with more than 90% of students awarded merit or distinction by the visiting Trinity examiner.

Relationships with new partners have proved successful, particularly those who send individual participants or small groups for 3 month programmes. This has meant we have had participants with us in every month of the year.

Although, as with many UK organisations, our inward ERASMUS+ operating position post BREXIT is unclear the commitment of our many long standing partners to continue to work with us is evident. There are also emerging opportunities for privately funded work placement and language course groups.

Operations

Staffing

ECTARC's Administrative Assistant/Spanish Tutor left in February 2018 and her duties were distributed amongst existing staff.

ECTARC LIMITED

TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT)

FOR THE YEAR ENDED 31 MARCH 2018

Plans For The Future

Following the changes in European programmes, ECTARC's Board of Directors agreed to diversify the business by setting up a children's day nursery incorporating early years education as a subsidiary -covenanting profits to ECTARC.

The overall financial performance for the year shows a loss of £55,509 including building alteration costs to accommodate the children's day nursery (£12,775). The Company's Business Plan will continue to be reviewed and updated to reflect the need to maintain a secure financial base by refining key objectives aimed at developing new and existing business. New partners from regions in Spain, France, Italy and Germany have contracted with ECTARC for the provision of Erasmus+ and privately funded programmes taking place in 2018/19. ECTARC will continue to consolidate and develop existing partnerships by actively promoting and marketing ECTARC services in order to attract new partners.

Staffing and overhead costs have been reduced during the year and ECTARC are optimistic that they will achieve the objectives set out.

Financial review

It is the policy of the charity that unrestricted funds which have not been designated for a specific use should be maintained at a level equivalent to between three and six month's expenditure. The trustees considers that reserves at this level will ensure that, in the event of a significant drop in funding, they will be able to continue the charity's current activities while consideration is given to ways in which additional funds may be raised. This level of reserves has been maintained throughout the year.

Following a deficit for the year of £55,509 the level of unrestricted reserves at 31 March 2018 are £654,799. This currently equates to over 2 years worth of expenditure.

The trustees has assessed the major risks to which the charity is exposed, and are satisfied that systems are in place to mitigate exposure to the major risks.

Structure, governance and management

The charity is a company limited by guarantee (number 02238053) and registered charity (number 328154) which is governed by its Memorandum and Articles of Association. The registered office is Parade Street, Llangollen LL20 8RB. Effective governance is delivered by a board who are also trustees. They are responsible for formulating strategies and policies for the company as a whole.

The trustees, who are also the directors for the purpose of company law, and who served during the year were:

Ms R W Hughes

Mrs K S Lennox

Mrs S Cheshire

Mr A J Evans

(Appointed 1 December 2017)

(Resigned 30 September 2017)

None of the trustees has any beneficial interest in the company. All of the trustees are members of the company and guarantee to contribute £1 in the event of a winding up.

New trustees are invited and encouraged to attend a series of short training sessions to familiarise themselves with the charity and the context within it operates. These are led by the Executive Director of the charity.

The obligations of the board members:

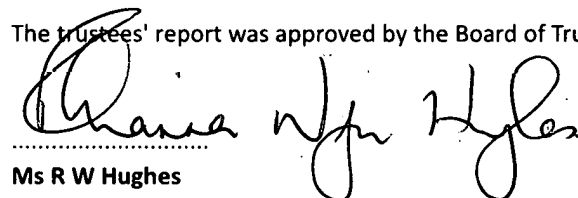
- The main documents which set out the operational framework for the charity including the Memorandum and Articles.
 - Resourcing and the current financial position as set out in the latest published accounts.
 - Future plans and objectives.
-

ECTARC LIMITED

TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT)

FOR THE YEAR ENDED 31 MARCH 2018

The trustees' report was approved by the Board of Trustees.



Ms R W Hughes

Trustee

Dated: 26/11/18

ECTARC LIMITED

INDEPENDENT EXAMINER'S REPORT TO THE TRUSTEES OF ECTARC LIMITED

I report to the trustees on my examination of the financial statements of ECTARC Limited (the charity) for the year ended 31 March 2018.

Responsibilities and basis of report

As the trustees of the charity (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 financial statements of the charity 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 financial statements carried out under section 145 of the Charities Act 2011 (the 2011 Act). In carrying out my examination I have followed all the applicable Directions given by the Charity Commission under section 145(5)(b) of the 2011 Act.

Independent examiner's statement

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 that in any material respect:

- 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).

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 financial statements to be reached.



Mitchell Charlesworth LLP
Robert Hall FCA
24 Nicholas Street
Chester
CH1 2AU

Dated: 26/11/18

ECTARC LIMITED

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2018

	Notes	2018 £	2017 £
<u>Income from:</u>			
Donations and legacies	3	240,811	407,952
Other trading activities	4	4,691	29,110
Investments	5	1,393	4,941
Total income		<u>246,895</u>	<u>442,003</u>
<u>Expenditure on:</u>			
Charitable activities	6	<u>302,404</u>	<u>716,565</u>
Net expenditure for the year/ Net movement in funds		(55,509)	(274,562)
Fund balances at 1 April 2017		<u>710,308</u>	<u>984,870</u>
Fund balances at 31 March 2018		<u><u>654,799</u></u>	<u><u>710,308</u></u>

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities, and has come from unrestricted funds.

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

ECTARC LIMITED

BALANCE SHEET

AS AT 31 MARCH 2018

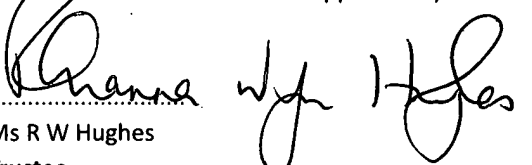
	Notes	2018 £	£	2017 £	£
Fixed assets					
Tangible assets	10		218,202		220,859
Investments	11		1		100
			<u>218,203</u>		<u>220,959</u>
Current assets					
Debtors	13	32,222		62,748	
Cash at bank and in hand		458,776		514,367	
		<u>490,998</u>		<u>577,115</u>	
Creditors: amounts falling due within one year	14	(54,402)		(87,766)	
Net current assets			436,596		489,349
Total assets less current liabilities			<u>654,799</u>		<u>710,308</u>
Income funds					
Unrestricted funds			654,799		710,308
			<u>654,799</u>		<u>710,308</u>

The company is entitled to the exemption from the audit requirement contained in section 477 of the Companies Act 2006, for the year ended 31 March 2018. No member of the company has deposited a notice, pursuant to section 476, requiring an audit of these financial statements.

The trustees acknowledges her responsibilities for ensuring that the charity keeps accounting records which comply with section 386 of the Act and for preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its incoming resources and application of resources, including its income and expenditure, for the financial year in accordance with the requirements of sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the company.

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

The financial statements were approved by the Trustees on 22/11/18.....


Ms R W Hughes
Trustee

ECTARC LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

1 Accounting policies

Charity information

ECTARC Limited is a private company limited by guarantee incorporated in England and Wales. The registered office is Parade Street, Llangollen, LL20 8RB, Nth Wales.

1.1 Accounting convention

The accounts have been prepared in accordance with the charity's Memorandum and Articles of Association, the Companies Act 2006 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" (as amended for accounting periods commencing from 1 January 2016). The charity is a Public Benefit Entity as defined by FRS 102.

The charity has taken advantage of the provisions in the SORP for charities applying FRS 102 Update Bulletin 1 not to prepare a Statement of Cash Flows.

The financial statements are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest £.

The accounts have been prepared under the historical cost convention, modified to include certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. Thus the trustees continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Charitable funds

Unrestricted funds are available for use at the discretion of the trustees in furtherance of their charitable objectives unless the funds have been designated for other purposes.

Restricted funds are subject to specific conditions by donors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the financial statements.

Endowment funds are subject to specific conditions by donors that the capital must be maintained by the charity.

1.4 Incoming resources

Income is recognised when the charity is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

Cash donations are recognised on receipt. Other donations are recognised once the charity has been notified of the donation, unless performance conditions require deferral of the amount. Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Legacies are recognised on receipt or otherwise if the charity has been notified of an impending distribution, the amount is known, and receipt is expected. If the amount is not known, the legacy is treated as a contingent asset.

Turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales related taxes.

ECTARC LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

1 Accounting policies

(Continued)

1.5 Resources expended

All 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.

Costs of generating voluntary income are those incurred in seeking voluntary contributions and do not include the costs of disseminating information in support of the charitable activities. Other resources expended are those incurred in connection with administration of the Charity. Governance costs relate to the compliance with constitutional and statutory requirement. There are no material support costs and therefore they have not been disclosed separately.

1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold land and buildings	0% (see below)
Property Improvements	10% Reducing balance
Plant & Machinery	25% Reducing balance

Freehold land and buildings are not depreciated. The reason for this being, the trustees consider the residual value of the property to be similar to the purchase price as the building is kept in a good state of repair. Any depreciation calculated would be immaterial.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in net income/(expenditure) for the year.

1.7 Fixed asset investments

Fixed asset investments are initially measured at transaction price excluding transaction costs, and are subsequently measured at fair value at each reporting date. Changes in fair value are recognised in net income/(expenditure) for the year. Transaction costs are expensed as incurred.

A subsidiary is an entity controlled by the charity. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.8 Impairment of fixed assets

At each reporting end date, the charity reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

ECTARC LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

1 Accounting policies

(Continued)

1.9 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.10 Financial instruments

The charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the charity's balance sheet when the charity becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Basic financial liabilities

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the charity's contractual obligations expire or are discharged or cancelled.

1.11 Employee benefits

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

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

1.12 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

ECTARC LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

2 Critical accounting estimates and judgements

In the application of the charity's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Donations and legacies

	2018	2017
	£	£
Donations and gifts	240,811	407,952
	<u>240,811</u>	<u>407,952</u>
Donations and gifts		
ERASMUS+	240,811	407,952
	<u>240,811</u>	<u>407,952</u>

4 Other trading activities

	2018	2017
	£	£
Room hire income	78	220
Other language classes	3,690	800
Mulberry School of English	923	28,090
	<u>4,691</u>	<u>29,110</u>
Other trading activities	<u>4,691</u>	<u>29,110</u>

5 Investments

	2018	2017
	£	£
Interest receivable	1,393	4,941
	<u>1,393</u>	<u>4,941</u>

ECTARC LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

6 Charitable activities

	2018 £	2017 £
Staff costs	95,402	186,944
Depreciation and impairment	3,527	2,798
Youth exchange costs - outward	1	37,558
Youth exchange costs - inward	146,269	302,675
Heat and light	7,753	11,796
Printing, postage, stationary and advertising	1,746	4,942
Telephone and internet	5,111	15,965
Equipment rental	2,309	2,309
General expenses	15,477	21,488
Profit on foreign exchange	-	(191)
Mulberry School of English costs	-	111,208
	<u>277,595</u>	<u>697,492</u>
Share of governance costs (see note 7)	24,809	19,073
	<u>302,404</u>	<u>716,565</u>

7 Support costs

	Support costs £	Governance costs £	2018 £	2017 £	Basis of allocation
Audit and accountancy fees	-	5,889	5,889	9,165	Governance
Legal and professional	-	6,145	6,145	9,908	Governance
Nursery costs	-	12,775	12,775	-	Governance
	<u>-</u>	<u>24,809</u>	<u>24,809</u>	<u>19,073</u>	
Analysed between Charitable activities	-	24,809	24,809	19,073	

Governance costs includes payments to the auditors of £nil (2017- £nil) for audit fees.

8 Trustees

Two of the trustees received reimbursed travel expenses during the year of £95 (2017- £1,780).

ECTARC LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

9 Employees

Number of employees

The average monthly number employees during the year was:

	2018 Number	2017 Number
Number of administrative staff	6	8

Employment costs

	2018 £	2017 £
Wages and salaries	92,291	176,782
Social security costs	3,000	9,563
Other pension costs	111	599
	95,402	186,944

There were no employees whose annual remuneration was £60,000 or more.

10 Tangible fixed assets

	Freehold land and buildings £	Property Improvements £	Plant & Machinery £	Total £
Cost				
At 1 April 2017	204,453	28,511	85,662	318,626
Additions	-	-	869	869
At 31 March 2018	204,453	28,511	86,531	319,495
Depreciation and impairment				
At 1 April 2017	-	23,233	74,533	97,766
Depreciation charged in the year	-	528	2,999	3,527
At 31 March 2018	-	23,761	77,532	101,293
Carrying amount				
At 31 March 2018	204,453	4,750	8,999	218,202
At 31 March 2017	204,453	5,278	11,128	220,859

11 Fixed asset investments

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2018

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ECTARC LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

14 Creditors: amounts falling due within one year

	2018 £	2017 £
Other taxation and social security	1,206	2,323
Trade creditors	534	3,355
Other creditors	52,662	82,088
	<u>54,402</u>	<u>87,766</u>

Included within other creditors is £49,110 (2017- £77,780) which relates to income which has been deferred to future periods in line with the original funding agreement.

15 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel, being the chief executive officers, is as follows.

	2018 £	2017 £
Aggregate compensation	-	30,553

16 Subsidiaries

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Llangollen Day Nursery Limited	England and Wales	Dormant	Ordinary	100.00	

The investments in subsidiaries are all stated at cost.