

The London School of Architecture

Operating and Financial Review



Period:
1 January –
31 December
2015

Nature, objectives and strategy

The trustees present their report with the audited financial statements of the charity for the period ended 31 December 2015.

Legal status

The CIO was incorporated on 10 December 2014, and registered with the Charities Commission on 13 January 2015.

Registered Charity number

1159927

Charitable objectives

To advance the education of the public in general (and particularly among the architectural profession) on the subject of architecture and to promote design and research for the public benefit in all aspects of architecture and to publish the useful results and proposals.

Public Benefit

The trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the charity's aims and objectives, in planning future activities and setting grant making policy for the year and that they have complied with the duty in section 17(5) of the 2011 Charities Act.

The trustees are satisfied that all charitable activities during the year are for the benefit of the public and the benefits of each and every activity are clearly identifiable.

Objectives

In 2014, the trustees adopted the LSA's vision and mission:

Vision

To be the institution at the forefront of realising the full potential of architecture in today's changing world.

Mission

- To prepare talented graduates for the architectural profession of tomorrow;
- To make architectural education more affordable, and therefore more accessible;
- To generate original and surprising approaches to the design of architecture;
- To create a network for practitioners to develop their creative and critical interests;
- To offer a platform within the industry to connect academia and practice;
- To publish provocative and influential design research for global dissemination;
- To act as nimble agents of change within the capital city of London.

To deliver on the vision and mission, a strategic plan was developed by the executive, in consultation with the Academic Court, the faculty and other stakeholders, and this has been agreed by the Board of Trustees.

Structure, governance and management

The trustees are ultimately responsible for the policies, activities and assets of the charity. They meet regularly to review developments with regard to the charity, its activities and to make any important decisions. When necessary, the trustees seek advice and support from the charity's professional advisers.

The charity has eight trustees who meet regularly during the year. There must be between three and twelve trustees in office at all times. The identification of potential new trustees is carried out by the Board. In selecting individuals for appointment the trustees must have regard to the skills, knowledge and experience needed for the effective administration of the CIO. On agreeing to become a trustee of the charity, they are thoroughly briefed by their co-trustees on the history of the trust, the day-to-day management, the responsibilities of the trustees, the current objectives and future plans.

Key achievements in 2015

In its first year of operation some of the key achievements were:

- Our first programme, the Professional Diploma in Designing Architecture, received academic validation from London Metropolitan University;
- We achieved commitments to reach our target of £250,000 for core funds from our Founders;
- We had 130 applications for our first cohort, drawn from across the UK and the EU;
- The school opened on October 2015, with 32 students, which significantly exceeded our base case of 25 students;
- The school established its Practice Network, which includes some of the capital city's leading architectural practices. Some 30 practices provided placements to our students;
- We were widely reported in the media, with the Evening Standard launching the school as we opened for applications.

Financial objectives

In 2015, The charity aimed to raise sufficient funds through donations and student fees such that it can meet its financial obligations for its first cohort of students on the two-year programme. A target of £250,000 of donations was set and achieved. In addition, the Trustees have adopted a target to raise further funds to meet the objectives outlined in the charity's reserves policy as set out below.

Performance indicators

In institutional terms, the LSA must recruit enough students, staff and practices to operate successfully. In our first year, our base case for student numbers was 25; we opened with 32. Our model requires all students to be in a work placement, and we have successfully built a Practice Network of some 40 firms, 30 of which hosted our students in the first academic year. We opened the school with a full complement of highly qualified academic staff to deliver and monitor the programme.

In academic terms, and as we complete our first year of operation, we will monitor three strands of provision affecting student progress: quality of module delivery; pastoral care; and oversight of individual student progress. The Executive Committee will make

available year-on-year course data: student progression (outcome of module assessments and progression from First Year to Second Year); final assessment (pass rates, referrals, failures); student feedback; feedback from External Examiners, Practice Partners and London Met; withdrawal or non-completion rates etc.

The work of the LSA will be subject to regular external scrutiny. The School's collaborative partner will appoint an Academic Liaison Tutor (ALT) and will also specify reporting protocols; the Architectural Registration Board (ARB) has its own reporting protocols that will be observed on an annual basis. Such scrutiny will draw on records of course marketing, recruitment targets and registrations, on data showing year-on-year enrolment, retention, progression, assessment outcomes and employment destinations. It will also include an analysis of External Examiner reports, student and Practice Partner feedback and course team views on academic development (such as recommendations on changes to the specifications of modules). Another important aspect of periodic evaluation will be the effectiveness of its human resources. In this context consideration will be given to three foci: continuing professional development; teaching effectiveness; and research activity.

Ultimately, the health of the school will be measured in the output of the quality of its graduates and their future success within the profession. As such it is difficult to draw further conclusions from the first year of operation.

Financial position

Financial results

Income for the period was £196,950 and expenditure was £127,158. As a result, for the period ended 31 December 2015, there was a surplus of £69,792. The Charity holds its funds in a bank account with HSBC. The day-to-day management of receipts and payments is handled by the charity's administrator and bookkeeper, with regular oversight from Trustees at meetings.

Reserves policy

It is the policy of the Trustees to hold sufficient funds in hand to cover commitments and expenses for the current financial year and to maintain an appropriate budget for future years to ensure longer term commitments are covered.

The commitments and liabilities to run the charity effectively to the end of the academic year totalled approximately £184,000 as at 31 December 2015, balance sheet liabilities as at 31 December 2015 totalled £85,272. The Trustees considered that the anticipated income for the year ended 31 December 2016 together with the cash balance of £144,269 at 31 December 2015 were more than sufficient to cover these commitments.

It is the intention of the Trustees to build up unrestricted reserves which represent, but do not significantly exceed, six months' running costs. It is also the intention of the Trustees to undertake fundraising for further financial support to protect the charity against a change in the economic circumstances of the architectural industry that may negatively impact the LSA's academic and financial model.

Going concern

The Trustees of the charity believe that there are no material

uncertainties that may cast significant doubt about the ability of the Charity to continue as a going concern.

**Current position
and future
development****Student numbers**

In October 2015, 32 students enrolled in the first year of the Professional Diploma in Designing Architecture. The intake into the programme is capped at 40.

Future developments

Over the coming years, we seek to continue recruiting exceptional candidates onto our course, and to widen access into the architectural profession. We also seek to maintain and enhance our Practice Network.

Having achieved academic validation from London Metropolitan University, we are now seeking full professional recognition for our programme from the Architects Registration Board and the Royal Institute of British Architects. Both of these processes are ongoing.

The LSA's ultimate milestone is to be fully recognised by the state, so that our institution is on a level playing field with universities; and – crucially – so that our students can access comparable financial support for living costs, which are particularly high in London.

Having achieved our target for core funds, the LSA now has two further fundraising goals: to raise further foundation money to help the school achieve the milestone of state recognition, which includes cautious financial robustness criteria requiring a three-year audited track record; and to raise money directly for student bursaries.

Resources**People**

The school appointed 22 members of faculty. There are three members of the Academic Court: Nigel Coates, Farshid Moussavi, and Leon van Schaik. The Executive Committee comprises: Will Hunter, Deborah Saunt, Clive Sall, and James Soane. There are three subject leaders: Tom Holbrook, Alan Powers, and Lewis Kinneir. Boris Cesnik is the Operations Manager. Owing to the nature of the programme, only some of the staff commenced their role, and may therefore appear on the payroll, in 2015.

From the start of term, between October and December, the programme has been enriched by a number of visiting critics and lecturers. Jay Gort was employed as our Urban Studies tutor. The Urban Studies module had a wide range of invited contributors: Angie Pascoe, Bernie Katz, David Bieda, Ellis Woodman, Fenella Collingridge, Fred Scott, Frosso Pimenides, John Raynham, Le Gun, Lucy Musgrave, Mandana Ruane, Philip Thompson, Philip Turner, Robert Bevan, Roger Zogolovitch, Rosemarie MacQueen, Rowan Moore, Sir William Sargent, Steven Norris, Steve Smith, and the Revd Dr Adam Scott.

The school also appointed a number of leaders for the Design Think Tanks, which are outlined below.

Knowledge

Each cohort investigates a specific borough for their two years on the programme. The first cohort looked at Soho. For the first term, the students were split into ten teams to research specific

aspects of London's creative square mile, and then each individual student made an architectural proposal for the neighbourhood. This research was drawn together into the LSA's first publication, *The London School of Architecture Arrives in Soho*, which was published in June 2016.

In the autumn of 2015, the school also appointed practitioners to lead its five Design Think Tanks, which are groups of architects and students who produce a collaborative piece of design/research on the spatial consequences of how the world is changing in the 21st century. The five Design Think Tanks are:

- Architectural Agency – the power of the architect – led by Matthew Dalziel from Interrobang and Will Hunter from the LSA. Its practice members are Carmody Groarke, Haworth Tompkins, Hut, Interrobang, IF_DO, Liddicoat & Goldhill, Mikhail Riches, PDP London, and Studio Octopi.
- Unstable City – spatial strategies for the changing metropolis – led by Petra Havelka and Igor Marko from Marko & Placemakers and Paolo Vimercati from Grimshaw. Its practice members are AHMM, Alma-nac, Citizens Design Bureau, Grimshaw, Marko & Placemakers, Scott Brownrigg, Studio Egret West and 51% Studio.
- New Knowledge – architecture's critical intersection with other disciplines – led by Javier Quintana from Idom and Lionel Real de Azúa from Red Deer. Its practice members are DSDHA, Idom, Prewett Bizley, Red Deer, RSH+P, Soda, WHAT_Architecture and 5th Studio.
- Emerging Tools – designing, building and making in the 21st century – led by Dave Lomax from Waugh Thistleton and George Wade from aLL Design. Its practice members are aLL Design, C.F. Moller, Farrells, Nex, Tate Harmer and Waugh Thistleton.
- Adaptive Typologies – building types for tomorrow's needs and desires – led by Carol Costello from Cullinan Studio and Emma Flynn from AStudio. Its practice members are Allies and Morrison, AStudio, Aukett Swanke, Cullinan Studio, Duggan Morris, Jestico + Whiles, Orms and Solid Space.

The Design Think Tanks commenced in December 2015, and will run until June 2016. The results of their work will be published in summer 2016.

Reputation

The LSA had a very successful year in establishing its reputation in 2015. The London Evening Standard launched the school's opening for applications in the spring. And the LSA has been widely featured elsewhere in the media, including in the Architects' Journal, Icon, Dezeen, Archdaily and the Observer:

- <http://www.standard.co.uk/lifestyle/design/architects-assemble-how-the-london-school-of-architecture-hopes-to-transform-training-in-the-capital-10112934.html>
- <http://www.architectsjournal.co.uk/home/new-london-school-of-architecture-opens-for-applications/8680125.fullarticle>
- <http://www.iconeye.com/opinion/comment/item/11771-london-school-of-architecture>
- <http://www.dezeen.com/2015/04/14/london-school-of-architecture-will-hunter-design-museum-accessible-education-cost-neutral/>

- <http://www.archdaily.com/620066/conversation-with-will-hunter-london-school-of-architecture/>
- <http://www.architectsjournal.co.uk/students/interview-will-hunter-founder-of-the-london-school-of-architecture/8686618.article>
- <https://www.theguardian.com/commentisfree/2015/sep/20/london-fashion-week-design-centre-funding>

Furthermore, the London School of Architecture forms a case study in the book *Radical Pedagogies: Architectural Education and the British Tradition*, by Daisy Froud and Harriet Harriss: <http://www.ribabookshops.com/item/radical-pedagogies-architectural-education-and-the-british-tradition/83985/>

We also launched our inaugural lecture series at the Design Museum. The monthly Show and Tell series asks leading figures to give an insight in to how they design. For October, architect and urbanist Deborah Saunt (DSDHA) and planner David West (Studio Egret West) debated the crafting of cities with Tom Holbrook (5th Studio). In November, Lucy Musgrave (Publica) and Alessandra Cianchetta (AWP) discussed different approaches to urbanism and public space with Peter Buchanan. And in December, Albert Williamson-Taylor (AKT-II) and Roddy Langmuir (Cullinan Studio) elucidated the Poetry of Structure with Peter Buchanan.

Risk management

In line with the requirement for trustees to undertake a risk assessment exercise and report on the same in their annual report, the trustees have looked at the risks. The trustees have identified five main areas where risks may occur:

- Governance and management: looks at the risk the charity might suffer from the lack of direction, the skills and training of the trustees and the good use of its funds;
- Operational: looks at the risk inherent in the charity's activities including continuity of staff and lack of a disaster recovery policy;
- Financial: includes those arising as a result of poor budgetary control, inappropriate spending, poor accounting, inappropriate investment policies;
- Reputational: looks at the possible damage to the charity's reputation;
- Laws, regulations, external and environmental: looks at the effects of government policies and the consequences of non-compliance with the laws and regulations.

Having assessed the major risks to which the charity is exposed, in particular to its finances, the trustees believe that by monitoring reserve levels, by ensuring that controls exist over the key financial systems, and by examining the operational and business risks faced by the charity, they have established effective systems to mitigate those risks.

Furthermore, the Trustees adopted the Higher Education Code of Governance, which was authored by the Committee of University Chairs. As the school scales up in 2016 to accommodate two cohorts, the Trustees are delegating specific functions from the full board to a number of committees, including: Audit, Resources, People, Remuneration, Bursaries and Scholarships.

Strategic partnerships

The school has formed a range of strategic partnerships. We selected London Metropolitan University as our Academic Partner. In 2015, following a validation process, we signed a five-year contract for the university to award our graduates with the Professional Diploma in Designing Architecture.

We also formally established our Practice Network. All the firms who are offering placements to our students signed an agreement that outlines their responsibilities to the school and the student.

For the academic year 2015/16, the school's primary spatial partner was the Design Museum, who hosted the majority of our larger events. In the summer of 2015, the LSA moved from its base at 13 Great James Street into Second Home, the workspace and cultural venue on Hanbury Street in East London.

Equal opportunities

The LSA's full Equal Opportunity Policy is included in the Staff Handbook. The LSA committed to ensuring that, as far as is practicable, all employees, job applicants, customers/clients and other people with whom we deal are treated fairly and are not subjected to unfair or unlawful discrimination.

Our policy is designed to ensure that current and potential workers are offered the same opportunities regardless of sex, race, age, religion or belief, sexual orientation, disability, marital status or civil partnership, pregnancy/maternity, gender reassignment or any other characteristic unrelated to the performance of the job.

We seek to ensure that no one suffers, either directly or indirectly, as a result of unlawful discrimination. This extends beyond the individual's own characteristics, to cover discrimination by association and by perception.

We recognise that an effective equal opportunity policy will help all employees to develop to their full potential, which is clearly in the best interests of both employees and our school. We aim to ensure that we not only observe the relevant legislation but also do whatever is necessary to provide genuine equality of opportunity.

We expect everyone who works for us to be treated, and to treat others, with respect. Our aim is to provide a working environment free from harassment, intimidation, or discrimination in any form that may affect the dignity of the individual.

We further recognise the benefits of employing individuals from a range of backgrounds, as this creates a workforce where creativity and valuing difference in others thrives. We value the wealth of experience within the community in which we operate and aspire to have a workforce that reflects this.

Our Equal Opportunities Policy covers our fair approach to Recruitment and Selection, Training and Development, Terms and Conditions of Employment and Positive Action.

Trustees

Crispin Kelly, Chair
Elsie Owusu, Vice-Chair
Roland Oakshett, Treasurer
James Bullock-Webster, Secretary
Nick Bliss
Niall Hobhouse
Davina Mallinckrodt
Diana Rice
Suzanne Trocmé

Faculty

Will Hunter, Founder / Director
Deborah Saunt, Director of Inter-Practice
Clive Sall, Director of Proto-Practice
James Soane, Director of Critical Practice
Boris Cesnik, Operations Manager
Tom Holbrook, Leader of Urban Studies
Jay Gort, Urban Studies Tutor
Alan Powers, Leader of Historical Studies
Lewis Kinneir, Leader of Technical Studies
Carol Costello, Leader of Adaptive Typologies
Matthew Dalziel, Leader of Architectural Agency
Emma Flynn, Leader of Adaptive Typologies
Petra Havelka, Leader of Unstable City
Igor Marko, Leader of Unstable City
David Lomax, Leader of Emerging Tools
Javier Quintana de Uña, Leader of New Knowledge
Lionel Real de Azua, Leader of New Knowledge
Paolo Vimercati, Leader of Unstable City
George Wade, Leader of Emerging Tools

Academic Court

Nigel Coates, Chair
Farshid Moussavi
Leon van Schaik

Host practices 2015/16

5th Studio, Allford Hall Monaghan Morris, Allies and Morrison,
Alma-nac, aLL Design, Carmody Groarke, C.F. Møller, Citizens
Design Bureau, Cullinan Studio, DSDHA, Duggan Morris,
Grimshaw, Haworth Tompkins, Hüt Architecture, Idom, IF_DO,
Jestico + Whiles, Liddicoat & Goldhill, Mikhail Riches, Orms, PDP
London, Prewett Bizley, Red Deer, Rogers Stirk Harbour + Partners,
Studio Egret West, Scott Brownrigg, SODA, Tate Harmer, Farrells,
Waugh Thistleton

Founding Patrons

Niall Hobhouse
Crispin Kelly
Sir Terry Leahy
Nadja Swarovski

Founding Practices

Allford Hall Monaghan Morris
Grimshaw

Idom
Orms
PDP London
Rogers Stirk Harbour + Partners
Scott Brownrigg

Founding Benefactors

Richard Collins
Martin Halusa
Sir Peter Mason
Davina Mallinckrodt

Independent Auditor

Dunkley's
Woodlands Grange
Woodlands Lane
Bradley Stoke
Bristol
BS32 4YJ

Administrators

The Trust Partnership
6 Trull Farm Buildings
Tetbury
Gloucestershire
GL8 8SQ

Bankers

HSBC
60 Queen Victoria Street
London
EC4N 4TR

Solicitors

Withers LLP
16 Old Bailey
London
EC4M 7EG

Academic Partner

London Metropolitan University

Spatial Partners

The Design Museum
Second Home

Registered office

13 Great James Street
London
WC1N 3DN

Second Home
68 Hanbury Street
London
E1 5JL

Statement of Trustees' responsibilities

The trustees are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

The law applicable to charities in England and Wales, the Charities Act 2011, Charity (Accounts and Reports) Regulations 2008 and the provisions of the trust deed require the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income and expenditure, of the charity for that period. In preparing those financial statements, the trustees are required to:

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

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and to enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the trust deed. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charity's website.

On behalf of the Board of Trustees



Signed: Crispin Kelly

Date:

18.10.16.

Report of the Independent Auditors

We have audited the financial statements of The London School of Architecture for the period ended 31 December 2015 on pages 14 to 18. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

This report is made solely to the charity's trustees, as a body, in accordance with Section 144 of the Charities Act 2011 and regulations made under Section 154 of that Act. Our audit work has been undertaken so that we might state to the charity's trustees 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 charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

As explained more fully in the Statement of Trustees Responsibilities set out on page 11, the trustees are responsible for the preparation of the financial statements which give a true and fair view.

We have been appointed as auditors under Section 144 of the Charities Act 2011 and report in accordance with regulations made under Section 154 of that Act.

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 charity'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 Report of the Trustees 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 charity's affairs as at 31 December 2015 and of its incoming resources and application of resources for the period 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 Charities Act 2011.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

- the information given in the Report of the Trustees is inconsistent in any material respect with the financial statements ; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.



Dunkley's
Statutory Auditor
Chartered Accountants
Eligible to act as an auditor in terms of Section 1212 of the
Companies Act 2006
Woodlands Grange
Woodlands Lane
Bradley Stoke
Bristol
BS32 4JY

Date: 18/10/16


Income and expenditure account for the period ended 31 December 2015

Income	Notes	2015 (£)
Tuition fees and educational contracts	2	63,700
Other operating income	3	133,250
Total income		196,950
Expenditure		
Charitable activities - bursary costs		10,000
Staff costs	4	43,071
Other operating expenses	5	73,097
Depreciation		990
Interest and other finance costs		-
Total expenditure		127,158
Surplus on continuing operations retained within general reserves		69,792

Balance sheet as at 31 December 2015

Fixed assets	Notes	2015 (£)	2015 (£)
Tangible assets	6		2,732
Current assets			
Debtors	7	8,063	
Cash at bank and in hand		144,269	
		<u>152,332</u>	
Less: Creditors – amounts falling due within one year	8	<u>85,272</u>	
Net current assets			67,060
Total assets less current liabilities			<u>69,792</u>
Reserves			
Income and expenditure account	10		69,792
Total funds			69,792

Approved by the board of Trustees on and signed on its behalf by:


18.10.16.

Statement of cash flows as at 31 December 2015

	Notes	2015 (£)
Net cash used in operating activities	9	147,991
Cash flows from investing activities:		
Purchase of equipment	6	(3,722)
Net cash used in investing activities:		<u>(3,722)</u>
Change in cash and cash equivalents in the reporting period		144,269
Cash equivalents at the beginning of the reporting period		–
Cash and cash equivalents at the end of the reporting period		<u>144,269</u>

1. Accounting policies

In preparing the accounts the following accounting policies have been applied consistently:

1.1 Basis of accounting

The accounts have been prepared under the historical cost convention. The accounts are prepared in accordance with the statement of recommended practice (SORP): Accounting in Further and Higher Education 2007 and in accordance with applicable accounting standards.

1.2 Status

The CIO was incorporated on 10 December 2014, and registered with the Charities Commission on 13 January 2015.

1.3 Going concern

The Trustees as Directors of the Charity believe that there are no material uncertainties that may cast significant doubt about the ability of the Charity to continue as a going concern.

1.4 Fund accounting

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the trustees. Restricted funds can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

1.5 Recognition of income

All incoming resources are included on the Statement of Financial Activities when the charity is legally entitled to the income and the amount can be quantified with reasonable accuracy. Donations given for specific purposes are treated as restricted income. Tax recoverable is recognised when payment is received from HM Revenue and Customs. Deferred income represents revenues collected but not earned as of 31 December 2015. This is primarily composed of fee income collected in advance of a courses taking place and deferred until the charity is entitled to that income as and when the course takes place.

1.6 Expenditure

Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources. Expenditure includes irrecoverable VAT which is reported as part of the expenditure to which it relates.

1.7 Allocation and apportionment of costs

Direct costs are allocated to the activity to which they relate. Any shared costs will be apportioned should the trustees deem it necessary.

1.8 Foreign currency translation

Receipts and payments which occur in foreign currencies are included in the accounts at the amount into which they are converted in sterling, using the exchange rate on the day in which the transaction occurs.

1.9 Tangible Fixed Assets

All tangible assets purchased that have an expected useful economic life that exceeds one year are capitalised and classified as fixed assets. Tangible fixed assets are stated at historical cost less depreciation. Depreciation is provided on all tangible fixed assets at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows:

Office equipment – 33% straight line

1.10 Taxation

The charity is exempt from corporation tax on its charitable activities.

1.11 Liabilities

Liabilities are recognised when the entity has an obligation to transfer economic benefits as a result of past transactions or events.

2. Tuition fees	2015 (£)
Tuition fees	64,900
Discounts on tuition fees	(1,200)
	<u>63,700</u>

3. Other operating income

Donations	<u>133,250</u>
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4. Staff costs

The number of persons employed during the period and at 31 December, expressed as full-time equivalents, was:

	2015 Average Number	2015 31 December Number
Teaching staff	0.1	0.4
Non-teaching staff	1.0	1.8
	<u>1.1</u>	<u>2.2</u>

Staff costs for the above persons:	2015 (£)
Wages and salaries	42,073
Social security costs	998
Other pension costs	–
	<u>43,071</u>

5. Other operating costs	2015 (£)	2015 (£)
Teaching costs		32,720
Non-teaching costs:		
Legal fees	16,385	
Consultancy fees	4,468	
Accountancy	3,000	
Auditors' remuneration	1,800	
Other	10,429	36,082
Premises costs		4,295
		<u>73,097</u>

6. Tangible fixed assets	Office equipment
Cost	(£)
At 1 January 2015	–
Additions	3,722
At 31 December 2015	<u>3,722</u>
Depreciation	
At 1 January 2015	–
Charge for the year	990
At 31 December 2015	<u>990</u>
Net book value at 1 January 2015	–
Net book value at 31 December 2015	<u>2,732</u>
7. Debtors	2015 (£)
Amounts falling due within one year:	
Prepayments and accrued income	<u>8,063</u>
8. Creditors: amounts falling due within one year	2015 (£)
Trade creditors	7,862
Taxation and social security	3,583
Deferred income	55,100
Accruals	16,417
Other creditors	2,310
	<u>85,272</u>
Deferred income b/fwd at 1 January 2015	–
Amounts released in the year	–
New amounts deferred in the year	55,100
Deferred income c/fwd at 31 December 2015	<u>55,100</u>
9. Reconciliation of net income / (expenditure) to net cashflow from operating activities	
	2015 (£)
Net income for the reporting period per the statement of financial activities	69,792
Adjustments for:	
Depreciation charges	990
(Increase)/decrease in debtors	(8,063)
Increase/(decrease) in creditors	85,272
Net cash used in operations	<u>147,991</u>
10. Income and expenditure account	2015 (£)
At 1 January 2015	–
Surplus on continuing operations	69,792
At 31 December 2015	<u>69,792</u>
11. Post balance sheet events	
There have been no significant post balance sheet events.	