

**REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2013
FOR
EDUCATIONAL COMPETENCIES
CONSORTIUM LIMITED**

**CONTENTS OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2013**

	Page
Company Information	1
Report of the Directors	2
Report of the Independent Auditors	4
Income and Expenditure Account	5
Balance Sheet	6
Notes to the Financial Statements	7
Detailed Income and Expenditure Account	11

**EDUCATIONAL COMPETENCIES
CONSORTIUM LIMITED**

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 JULY 2013**

DIRECTORS:

A Charnock
L Donnithorne
G E Foster
J Lloyd
L J Mortimer Pine
D G Williams
P Marshall
G L Curling

REGISTERED OFFICE:

Revell Ward LLP
7th Floor
30 Market Street
Huddersfield
HD1 2HG

REGISTERED NUMBER:

02918620

AUDITORS:

Mazars LLP
Chartered Accountants
Registered Auditors
Mazars House
Gelderd Road
Leeds
LS27 7JN

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 JULY 2013**

The directors present their report with the financial statements of the company for the year ended 31 July 2013.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of the sale and maintenance of human resource management systems (entitled HERA and FEDRA) to its members in higher and further educational institutions. It additionally promotes the products and member services through events, publications and consultancy.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 August 2012 to the date of this report.

A Charnock
L Donnithorne
G E Foster
J Lloyd
L J Mortimer Pine
D G Williams
P Marshall

Other changes in directors holding office are as follows:

M B Edwards - resigned 31 July 2013
P S Mitchell - resigned 5 July 2013
L W Shine - resigned 31 July 2013
P Henry - resigned 15 April 2013
A Kirk - resigned 31 July 2013
J Bunce - resigned 29 October 2012
D J Denholm - resigned 5 July 2013

G L Curling was appointed as a director after 31 July 2013 but prior to the date of this report.

M G Moore ceased to be a director after 31 July 2013 but prior to the date of this report.

GOING CONCERN

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis for accounting in preparing the annual financial statements.

QUALIFYING 3RD PARTY INDEMNITY PROVISIONS

The company purchased insurance for liabilities incurred by its directors in carrying out their duties.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the surplus or deficit of the company for that period. In preparing these financial statements, the directors are required to:

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

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 JULY 2013**

STATEMENT OF DIRECTORS' RESPONSIBILITIES - continued

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

ON BEHALF OF THE BOARD:

.....
G E Foster - Director

Date:

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
EDUCATIONAL COMPETENCIES
CONSORTIUM LIMITED**

We have audited the financial statements of Educational Competencies Consortium Limited for the year ended 31 July 2013 which comprise the Income and Expenditure Account, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page two, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors. This report is made solely to the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body for our audit work, for this report, or for the opinions we have formed.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's web-site at www.frc.org.uk/auditscopeukprivate.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 July 2013 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements and the directors' report in accordance with the small companies' regime.

Shaun Mullins (Senior Statutory Auditor)
for and on behalf of Mazars LLP
Chartered Accountants
Registered Auditors
Mazars House
Gelderd Road
Leeds
LS27 7JN

Date:

**EDUCATIONAL COMPETENCIES
CONSORTIUM LIMITED (REGISTERED NUMBER: 02918620)**

**INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 JULY 2013**

	Notes	31.7.13 £	31.7.12 £
TURNOVER		822,613	800,938
Cost of sales		<u>381,547</u>	<u>400,810</u>
GROSS SURPLUS		441,066	400,128
Administrative expenses		<u>434,428</u>	<u>408,652</u>
OPERATING SURPLUS/(DEFICIT)	2	6,638	(8,524)
Interest receivable and similar income		<u>1,583</u>	<u>1,656</u>
SURPLUS/(DEFICIT) ON ORDINARY ACTIVITIES BEFORE TAXATION		8,221	(6,868)
Tax on surplus/(deficit) on ordinary activities	3	<u>317</u>	<u>331</u>
SURPLUS/(DEFICIT) FOR THE FINANCIAL YEAR		<u><u>7,904</u></u>	<u><u>(7,199)</u></u>

The notes form part of these financial statements

**EDUCATIONAL COMPETENCIES
CONSORTIUM LIMITED (REGISTERED NUMBER: 02918620)**

**BALANCE SHEET
31 JULY 2013**

	Notes	31.7.13 £	£	31.7.12 £	£
FIXED ASSETS					
Tangible assets	4		4,457		1,769
CURRENT ASSETS					
Debtors	5	65,568		66,400	
Cash in hand		<u>313,835</u>		<u>303,150</u>	
		379,403		369,550	
CREDITORS					
Amounts falling due within one year	6	<u>66,154</u>		<u>61,517</u>	
NET CURRENT ASSETS			<u>313,249</u>		<u>308,033</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>317,706</u>		<u>309,802</u>
RESERVES					
Income and expenditure account	8		<u>317,706</u>		<u>309,802</u>
			<u>317,706</u>		<u>309,802</u>

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

The financial statements were approved by the Board of Directors on and were signed on its behalf by:

.....
G E Foster - Director

The notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2013

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis for accounting in preparing the annual statements.

Turnover

Income, which is recognised on a receivable basis, arises from activities undertaken on behalf of subscribing members.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off the cost less estimated residual value of each asset over its estimated useful life.

Plant and machinery etc - 33% on cost

Pensions

The company participates in the Universities Superannuation Scheme (USS), a defined benefit scheme which is contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate trustee-administered fund. The company is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17 "Retirement benefits", accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the accounting period.

2. OPERATING SURPLUS/(DEFICIT)

The operating surplus (2012 - operating deficit) is stated after charging:

	31.7.13	31.7.12
	£	£
Depreciation - owned assets	1,254	1,137
Loss on disposal of fixed assets	115	-
Auditors' remuneration	2,300	2,300
Pension costs	<u>30,719</u>	<u>29,154</u>
Directors' remuneration and other benefits etc	<u>-</u>	<u>-</u>

No director received any remuneration from the company or had a beneficial interest in any contract with the company. However, the company has been charged £3,000 (2012 - £Nil) from Liverpool John Moores University for the services of Julie Lloyd, vice-chair and director, £Nil (2012 - £4,263) from The University of Leeds for the services of Linda Mortimer Pine, chair and director, £3,000 (2012 - £3,159) from Northumbria University for the services of Geoff Foster, director and £3,000 (2012 - £3,812) from The University of South Wales (2012 - The University of Wales, Newport) for the services of Bethan Edwards, former director.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 JULY 2013**

3. TAXATION

Analysis of the tax charge

The tax charge on the surplus on ordinary activities for the year was as follows:

	31.7.13	31.7.12
	£	£
Current tax:		
UK corporation tax	<u>317</u>	<u>331</u>
Tax on surplus/(deficit) on ordinary activities	<u>317</u>	<u>331</u>

The company is a mutual trading company for tax purposes and only pays tax on investment income.

4. TANGIBLE FIXED ASSETS

	Plant and machinery etc £
COST	
At 1 August 2012	6,414
Additions	4,265
Disposals	<u>(2,016)</u>
At 31 July 2013	<u>8,663</u>
DEPRECIATION	
At 1 August 2012	4,645
Charge for year	1,254
Eliminated on disposal	<u>(1,693)</u>
At 31 July 2013	<u>4,206</u>
NET BOOK VALUE	
At 31 July 2013	<u>4,457</u>
At 31 July 2012	<u>1,769</u>

5. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.7.13	31.7.12
	£	£
Trade debtors	6,054	8,156
Other debtors	<u>59,514</u>	<u>58,244</u>
	<u>65,568</u>	<u>66,400</u>

Other debtors includes a prepayment of £22,232 (2012 - £22,300) for the Towers Watson software licence fee.

**EDUCATIONAL COMPETENCIES
CONSORTIUM LIMITED (REGISTERED NUMBER: 02918620)**

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 JULY 2013**

6. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.7.13	31.7.12
	£	£
Trade creditors	46,496	39,209
Taxation and social security	6,142	6,267
Other creditors	<u>13,516</u>	<u>16,041</u>
	<u>66,154</u>	<u>61,517</u>

7. OPERATING LEASE COMMITMENTS

The following operating lease payments are committed to be paid within one year:

	31.7.13	31.7.12
	£	£
Expiring: Within one year	<u>4,106</u>	<u>3,975</u>

8. RESERVES

	Income and expenditure account £
At 1 August 2012	309,802
Surplus for the year	<u>7,904</u>
At 31 July 2013	<u>317,706</u>

9. COMPANY STATUS

The company is a private company limited by guarantee and consequently does not have share capital. Clause 5 of the Memorandum of Association provides that every member, as defined in the Articles of Association, is liable to contribute a sum not exceeding £1 in the event of the company being wound up while they are a member or within one year of ceasing to be a member.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 JULY 2013**

10. PENSION

The company participates in the Universities Superannuation Scheme, a defined benefit scheme which is externally funded and contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate trustee-administered fund.

The most recent actuarial valuation of the scheme was 31 March 2011. The assumptions which have the most significant effect on the result of the valuation are those relating to the rate of return on investments (i.e. the valuation rate of interest), the rates of increase in salary and pensions and the assumed rates of mortality. In relation to the past service liabilities the financial assumptions were derived from the market yields prevailing at the valuation date. It was assumed that the valuation rate of interest would be 6.1% per annum, salary increases would be 4.4% per annum (with short-term general pay growth at 3.65% per annum and an additional allowance for increases in salaries due to age and promotion reflecting historic scheme experience, with a further cautionary reserve on top for past service liabilities) and pensions would increase by 3.4% per annum for 3 years following the valuation then 2.6% per annum thereafter. The valuation was carried out using the projected unit method.

At the valuation date, the value of the assets of the scheme was £32,433.5 million and the value of the scheme's technical provisions was £35,343.7 million indicating a shortfall of £2,910.2 million. The assets therefore were sufficient to cover 92% of the benefits which had accrued to members after allowing for expected future increases in earnings.

The actuary also valued the scheme on a number of other bases at the valuation date. On the scheme's historic gilts basis, using valuation rate of interest in respect of past service liabilities of 4.4% per annum (the expected return on gilts) the funding level was approximately 68%. Under the Pension Protection Fund regulations introduced by the Pensions Act 2004 the scheme was 93% funded: on a buy-out basis (i.e. assuming the Scheme had discontinued on the valuation date) the assets would have been approximately 57% of the amount necessary to secure all the USS benefits with an insurance company; and using the FRS 17 formula as if USS was a single employer scheme, using a AA bond discount rate of the 5.5% per annum based on spot yields, the actuary estimated that the funding level at 31 March 2011 was 82%.

The actuary has estimated that the funding level as at 31 March 2012 under the scheme specific funding regime had fallen from 92% to 77%. This estimate is based on the results from the valuation at 31 March 2011 allowing primarily for investment returns and changes to market conditions. These are cited as the two most significant factors affecting the funding positions which have been taken into account for the 31 March 2012 estimation. On the FRS 17 basis, using an AA bond discount rate of 4.9% per annum based on spot yields, the actuary calculated that the funding level at 31 March 2012 was 74%. An estimate of the funding level measured on a historic gilts basis at that date was approximately 56%.

Surpluses or deficits which arise at future valuations may impact on the company's future contribution commitment. An additional factor which would impact the funding level of the scheme is that with effect from 16 March 2006, USS positioned itself as a "last man standing" scheme so that in the event of the insolvency of any of the participating employers in USS, the amount of any pension funding shortfall (which cannot otherwise be recovered) in respect of that employer will be spread across the remaining participant employers and reflected in the next actuarial valuation of the scheme.

The next formal triennial actuarial valuation is due as at 31 March 2014. The contribution rate will be reviewed as part of each valuation. The total pension cost for the company was £30,719 (2012 - £29,154). The contribution rate payable by the company is 16% of pensionable salaries.

Since the previous valuation as at 31 March 2008 there have been a number of changes to the benefits provided by the scheme although these became effective from October 2011. Details of the changes can be found on the schemes website at www.uss.co.uk.

**EDUCATIONAL COMPETENCIES
CONSORTIUM LIMITED (REGISTERED NUMBER: 02918620)**

**DETAILED INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 JULY 2013**

	31.7.13		31.7.12	
	£	£	£	£
Turnover				
LMD and Towers Watson income	77,778		76,786	
Subscriptions	713,533		703,752	
Members' services	13,614		20,400	
Non-member consultancy income	11,688		-	
Miscellaneous	<u>6,000</u>		<u>-</u>	
		822,613		800,938
Cost of sales				
ECC TW annual licence fee	263,903		282,173	
LMD to Capita HSP	74,238		75,215	
Members' meetings	11,178		9,295	
Royalty payable	3,018		3,438	
Training and consultancy	<u>29,210</u>		<u>30,689</u>	
		<u>381,547</u>		<u>400,810</u>
GROSS SURPLUS		441,066		400,128
Other income				
Bank interest		<u>1,583</u>		<u>1,656</u>
		442,649		401,784
Expenditure				
Staff salaries and other personnel costs	238,049		197,254	
Staff national insurance	20,935		18,661	
Staff pension costs	30,719		29,154	
Temporary staff	-		3,354	
Telecommunications	13,271		12,703	
Printing and stationery	2,744		3,856	
Market research costs	-		17,067	
Bank charges	128		100	
Insurance	4,377		4,369	
Staff training and recruitment	7,374		14,963	
Office and associated costs	16,206		13,300	
Staff expenses	5,044		6,434	
Chair's honorarium	9,000		11,234	
Product development	4,338		4,981	
Professional and accountancy	23,411		21,397	
Legal fees	3,951		-	
Business development	24,606		14,108	
Company meetings	26,606		32,280	
Auditors' remuneration	2,300		2,300	
Depreciation on computers	1,254		1,137	
Profit/loss on sale of tangible fixed assets	<u>115</u>		<u>-</u>	
		<u>434,428</u>		<u>408,652</u>
NET SURPLUS/(DEFICIT)		<u>8,221</u>		<u>(6,868)</u>

This page does not form part of the statutory financial statements