

REGISTERED COMPANY NUMBER: 908985 (England and Wales)
REGISTERED CHARITY NUMBER: 312101

REPORT OF THE TRUSTEES AND
CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020
FOR
EMERSON COLLEGE TRUST LIMITED

HPCA Limited
Chartered Accountants
and Statutory Auditors
Station House
Connaught Road
Brookwood
Woking
Surrey
GU24 0ER

EMERSON COLLEGE TRUST LIMITED

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for the year ended 30 June 2020

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EMERSON COLLEGE TRUST LIMITED

REPORT OF THE TRUSTEES **for the year ended 30 June 2020**

The trustees who are also directors of the charity for the purposes of the Companies Act 2006, present their report with the consolidated financial statements of the charity and its subsidiary for the year ended 30 June 2020. The trustees have adopted the provisions of 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) (effective 1 January 2015).

OBJECTIVES AND ACTIVITIES

Objectives and organisation of the charity

The principal objective of the charity is the administering of the Emerson College Trust Limited and the promotion of an adult centre of training for study and research in accordance with Steiner educational principles with special emphasis on education, agriculture, arts and science. This benefits society by furthering alternative models in areas which are generally acknowledged to be in need of new thinking.

In furtherance of its objects, the charity operates Emerson College, Forest Row. Funds raised and donations are applied to promote study and research in anthroposophy and biodynamic agriculture.

The Trustees are aware of their duty to have due regard to the Charity Commission's public benefit guidance in formulating the strategy for the charity. They are satisfied that the objectives of the charity are of public benefit.

ACHIEVEMENT AND PERFORMANCE

Charitable activities

Emerson College is a vibrant college with a rich, exciting and varied programme of courses, performances and talks. In the past year we have continued to develop our own courses and build up a number of successful partnerships with other course providers and individuals to offer inspiring courses on the Emerson campus in three different fields:

- o Arts: visual arts, relational arts and organic design, gestural arts, storytelling (a range of short, modular and longer courses), clowning, eurythmy, poetry, sacred geometry, ceramics, singing;
- o Care: anthroposophic nursing, anthroposophic medicine, mental health, social therapy, counselling, herbal medicine, psychotherapy, holistic baby and child care;
- o Ecology: sustainable agriculture, Goethean science, water research, medicinal herb cultivation;

We have designed and are now enrolling students for a new full-time 6-month training in Biodynamic gardening programme starting in April 2021. Our new Glass Green house will give us an enhanced teaching facility and is already producing vegetables for our own kitchen all year round.

During the year a group of students who had completed our foundation programme "Cultivating Wisdom: spiritual science and social arts" in Guangzhou attended a 2-week follow-up programme at the College. We are exploring further collaboration in China with a number of potential educational partners.

Positive feedback from students and visitors mentions the peaceful environment in our gardens, the freshly cooked meals from organic, biodynamic and locally sourced ingredients and the many artistic activities. Campus and staff are appreciated and recognised as an important enhancement of the learning experience for students. We see a key part of our public benefit in the fact that so many people visit our campus and witness a different approach to learning, to the cultivation of the land and preparation of food, and to community life.

We have organised public lectures, concerts and festival events during the year. Emerson College has the largest auditorium in the Forest Row area and part of its public benefit is as a venue for a wide variety of events, not all of which are financially self-sustaining. In the last year we welcomed speakers on a wide range of themes as well as many workshops, concerts and performances.

Emerson College continued to be a popular place to study until we had to close in late March due to COVID. During 9 months of the academic year of 2019/20 we delivered 105 courses to 1267 students through our own and our partners' programmes. This is nearly as many courses as during the previous year in a 12-month period.

Since 2016 there has been a significant shift from long courses to short courses. The overnight stays of students in short courses have gone up 54% and the long stays of students studying on courses of between 3 weeks and 6 months have fallen by 33%. The College is now managing a very different operation compared to 2016/17. We have adjusted our meal and accommodation offering in order to deliver a significantly higher number of courses, leading to a much-improved financial result for the whole Trust.

EMERSON COLLEGE TRUST LIMITED

REPORT OF THE TRUSTEES **for the year ended 30 June 2020**

ACHIEVEMENT AND PERFORMANCE

Charitable activities

Our 5 art studios were occupied during the whole year and many fine pieces of art have been created and exhibited. Our flats on site were rented through the whole period.

The College invested substantial sums into the maintaining and upgrading of the campus. We renovated 12 bedrooms with new flooring. 40 new chairs were purchased to replace the old plastic chairs in our main lecture hall. Substantial renovations were carried out in 3 flats including the installation of a shower for disabled persons. We were able to fully use the newly purchased greenhouse for the first season and invested in an irrigation system, guttering, electrical installations to open the windows and water tanks to catch rainwater.

An external survey showed that various areas in our Pixton building contained asbestos, which we had professionally removed.

Our staff attended internal fire drills as well as statutory trainings in First Aid, food hygiene, data protection and HR. All our equipment was regularly serviced by professional companies.

One volunteer supported our estate team and 3 volunteers worked in the vegetable garden during the growing season. The Living and Learning Community were involved during our Botanic Garden Open day in October, helped raking leaves and looking after Gill Wood.

On 20 March the College closed due to the COVID pandemic. Most operations staff went into furlough and we received the salary contribution through the Job Retention scheme. The staff in maintenance, estate and garden as well as the Director of Operations worked through the closure to maintain the grounds, produce and sell vegetables to the onsite community, to manage cancellations, support the residents on site and plan for the reopening of the College. Our facilities had been fully booked from April to June 2020 but many of these courses had to be cancelled. The education department set up online teaching facilities to allow our faculty to deliver the modular courses online until we were able to re-open the College on 1 September.

During the year we transferred the ownership of six community apartments to our trading subsidiary Emerson College Enterprises Ltd, and sold one of these to an existing resident family who are part of our Living and Learning Community. This is an intentional community that broadens the activities on the campus to include a number of households. We intend to continue developing this community, which will embody our educational ideals and ethos and over time we hope that it will be seen as an example of best practice in intergenerational living. As part of this development, the "Pixton Third Age" project submitted a planning application for the conversion of Pixton House as a supported living facility for older residents.

Our Board structure, which includes the Director of Development and Director of Operations together with the trustees, continues to work well. Tom Ravetz stepped down in December 2019; Raz Levy and Annie Blampied-Radojcic were appointed in the same month. Martin Leach was co-opted as a trustee in March 2020.

During the year, a generous legacy gift of £145,270 for bursaries was received from the estate of Audrey Salisbury-Smith. Additionally, £52,479 was received in donations, including £21,900 from our trading subsidiary.

FINANCIAL REVIEW

Investment policy and objectives

The Trustees have unlimited investment powers and currently the charity has unlisted investments as detailed in the notes to the financial statements.

Reserves policy

The trustees intend to hold sufficient free reserves to meet all ongoing operating costs for a period of six months. As at 30/06/2020 the Trust and its subsidiary held £406,871 in cash, with no outstanding loans. The Trustees consider that the charity's assets are adequate to fulfil its obligations.

OPERATING COSTS AND INCOME

An operating surplus of £46,000 had been forecast for the year. We actually achieved a profit of £28,093 (previous year £40,959) excluding pension deficit contributions and expenses, the legacy gift and the donation from our trading subsidiary. This is a very positive achievement in light of the fact that we were only able to operate for three quarters of the financial year, due to COVID restrictions.

EMERSON COLLEGE TRUST LIMITED

REPORT OF THE TRUSTEES **for the year ended 30 June 2020**

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

The charity is controlled by its governing document, the memorandum and articles of association, and constitutes a limited company, limited by guarantee, as defined by the Companies Act 2006.

Organisational structure

The charity is governed by its Memorandum and Articles of Association.

Activities are overseen by the Council consisting of Trustees who meet 4 times each year or more frequently if required.

The Articles of Association lay down that the Council shall comprise no fewer than 3 and no more than 20 Trustees. All Trustees need to be a member of the association.

Induction and training of new trustees

Trustees are appointed at the AGM when at least a third of the existing Trustees must stand down. Anyone wishing to become a Trustee must first become a member of the Emerson Association. As the Association is premised on the vision and work of Rudolf Steiner, it is essential that all Trustees can demonstrate that they are familiar with this vision and that it is an integral part of their lives.

Other qualities that Emerson Association would value in prospective Trustees would be experience working in other charities, specific professional skills, or experience in the field of adult education. Several of the existing Trustees were former students at Emerson.

At present Emerson does not have any specific policy on Trustee training, except to ensure all Trustees are familiar with current charity law and the duties of Trusteeship, but of course the Trust would send individual Trustees on special courses if this were deemed necessary. However to ensure good working practice, there are regular discussions concerning Charity Commission guidance on good governance and practice at Trustee meetings.

REFERENCE AND ADMINISTRATIVE DETAILS

Registered Company number

908985 (England and Wales)

Registered Charity number

312101

REFERENCE AND ADMINISTRATIVE DETAILS

Registered office

Pixton
FOREST ROW
East Sussex
RH18 5JX

Trustees

Dr J Dyson	
T Ravetz	-resigned 7.12.19
P Blaxland de Lange	
G Perry	
K Orsak	
R Levy	-appointed 7.12.19
A Blampied-Radojcic	-appointed 7.12.19

EMERSON COLLEGE TRUST LIMITED

REPORT OF THE TRUSTEES
for the year ended 30 June 2020

Auditors

HPCA Limited
Chartered Accountants
and Statutory Auditors
Station House
Connaught Road
Brookwood
Woking
Surrey
GU24 0ER

Bankers

HSBC Bank plc
1 Middle Row
East Grinstead
West Sussex
RH19 3AY

Bankers

Santander
56 - 58 London Road
East Grinstead
West Sussex
RH19 1BJ

EMERSON COLLEGE TRUST LIMITED

REPORT OF THE TRUSTEES
for the year ended 30 June 2020

STATEMENT OF TRUSTEES RESPONSIBILITIES

The trustees (who are also the directors of Emerson College Trust Limited for the purposes of company law) are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing 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 charitable company 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 charitable company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

AUDITORS

The auditors, HPCA Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

Approved by order of the board of trustees on 5th December 2020 and signed on its behalf by:



.....
Dr J Dyson - Trustee

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
EMERSON COLLEGE TRUST LIMITED

Opinion

We have audited the financial statements of Emerson College Trust Limited (the 'parent charitable company') and its subsidiary (the group) for the year ended 30 June 2020 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Company Balance Sheets, the Consolidated Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent charitable company's affairs as at 30 June 2020 and of the group's incoming resources and application of resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our Report of the Independent Auditors thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Trustees has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Trustees.

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 parent charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to take advantage of the small companies exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Trustees.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
EMERSON COLLEGE TRUST LIMITED**

Responsibilities of trustees

As explained more fully in the Statement of Trustees Responsibilities, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group's and parent charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the group's or parent charitable company or to cease operations, or have no realistic alternative but to do so.

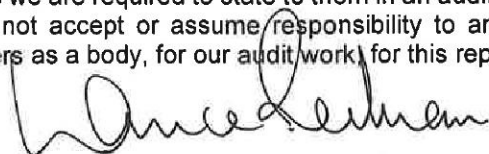
Our responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Independent Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Independent Auditors.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Lance Redman (Senior Statutory Auditor)
for and on behalf of HPCA Limited
Chartered Accountants
and Statutory Auditors
Station House
Connaught Road
Brookwood
Woking
Surrey
GU24 0ER

Date: 16 December 2020

EMERSON COLLEGE TRUST LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
(INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT)
for the year ended 30 June 2020

	Notes	Unrestricted funds £	Restricted funds £	Total 2020 funds £	Total 2019 funds £
INCOME AND ENDOWMENTS FROM					
Donations and legacies	2	10,137	256,712	266,849	84,466
Charitable activities					
Education	4	874,643	-	874,643	909,868
Investment income	3	386	-	386	47
Trading income	21	215,000	-	215,000	545,000
Other income	5	<u>956,672</u>	<u>-</u>	<u>956,672</u>	<u>5,580</u>
Total		2,056,838	256,712	2,313,550	1,544,961
 EXPENDITURE ON					
Subsidiary's trading activities	21	225,972	-	225,972	507,563
 Charitable activities					
Education	6	942,976	105,068	1,048,044	988,932
Bank loan interest		<u>-</u>	<u>-</u>	<u>-</u>	<u>9,876</u>
Total		1,168,948	105,068	1,274,016	1,506,371
NET INCOME/(EXPENDITURE)		887,890	151,644	1,039,534	38,590
Transfers between funds	18	27,881	(27,881)	-	-
Net movement in funds		915,771	123,763	1,039,534	38,590
 RECONCILIATION OF FUNDS					
Total funds brought forward		1,529,765	58,719	1,588,484	1,549,894
TOTAL FUNDS CARRIED FORWARD		<u>2,445,536</u>	<u>182,482</u>	<u>2,628,018</u>	<u>1,588,484</u>

The notes form part of these financial statements

EMERSON COLLEGE TRUST LIMITED**CONSOLIDATED BALANCE SHEET****At 30 June 2020**

	Notes	Unrestricted funds £	Restricted funds £	Total 2020 funds £	Total 2019 funds £
FIXED ASSETS					
Tangible assets	13	2,252,039	-	2,252,039	2,252,125
Investments	14	<u>12,267</u>	<u>-</u>	<u>12,267</u>	<u>12,267</u>
		2,264,306	-	2,264,306	2,264,392
CURRENT ASSETS					
Stocks	15	862,741	-	862,741	23,204
Debtors	16	37,118	145,270	182,388	132,388
Cash at bank and in hand		<u>374,629</u>	<u>37,212</u>	<u>411,841</u>	<u>385,435</u>
		1,274,488	182,482	1,456,970	541,027
CREDITORS					
Amounts falling due within one year	17	<u>(311,292)</u>	<u>-</u>	<u>(311,292)</u>	<u>(388,534)</u>
NET CURRENT ASSETS		<u>963,196</u>	<u>182,482</u>	<u>1,145,678</u>	<u>152,493</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		3,227,502	182,482	3,409,984	2,416,885
PENSION LIABILITY	19	<u>(781,966)</u>	<u>-</u>	<u>(781,966)</u>	<u>(828,401)</u>
NET ASSETS		<u>2,445,536</u>	<u>182,482</u>	<u>2,628,018</u>	<u>1,588,484</u>
FUNDS	18				
Unrestricted funds				2,445,536	1,529,765
Restricted funds				<u>182,482</u>	<u>58,719</u>
TOTAL FUNDS				<u>2,628,018</u>	<u>1,588,484</u>

These financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to charitable small companies.

The financial statements were approved by the Board of Trustees on 5th Dec 2020 and were signed on its behalf by:



.....
Dr J Dyson -Trustee

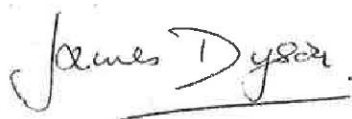
The notes form part of these financial statements

EMERSON COLLEGE TRUST LIMITED
CHARITABLE COMPANY BALANCE SHEET
At 30 June 2020

	Not es	Unrestricted funds £	Restricted funds £	Total 2020 funds £	Total 2019 funds £
FIXED ASSETS					
Tangible assets	13	2,252,039	-	2,252,039	2,252,125
Investments	14	<u>12,268</u>	<u>-</u>	<u>12,268</u>	<u>12,268</u>
		2,264,307	-	2,264,307	2,264,393
CURRENT ASSETS					
Stocks	15	24,830	-	24,830	23,204
Debtors	16	1,240,924	145,270	1,386,194	335,706
Cash at bank and in hand		<u>3,953</u>	<u>37,212</u>	<u>41,165</u>	<u>177,336</u>
		1,269,707	182,482	1,452,189	536,246
CREDITORS					
Amounts falling due within one year	17	<u>(306,512)</u>	<u>-</u>	<u>(306,512)</u>	<u>(383,754)</u>
NET CURRENT ASSETS		<u>963,195</u>	<u>182,482</u>	<u>1,145,677</u>	<u>152,492</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		3,227,502	182,482	3,409,984	2,416,885
PENSION LIABILITY	19	<u>(781,966)</u>	<u>-</u>	<u>(781,966)</u>	<u>(828,401)</u>
NET ASSETS		<u>2,445,336</u>	<u>182,482</u>	<u>2,628,018</u>	<u>1,588,484</u>
FUNDS	18				
Unrestricted funds				2,445,536	1,529,765
Restricted funds				<u>182,482</u>	<u>58,719</u>
TOTAL FUNDS				<u>2,628,018</u>	<u>1,588,484</u>

These financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to charitable small companies.

The financial statements were approved by the Board of Trustees on 5th Dec 2020 and were signed on its behalf by:



Dr J Dyson -Trustee

The notes form part of these financial statements

EMERSON COLLEGE TRUST LIMITED

CONSOLIDATED CASH FLOW STATEMENT
for the year ended 30 June 2020

	Notes	2020 £	2019 £
Cash flows from operating activities:			
Cash generated from operations	1	109,522	531,251
Interest paid		<u>-</u>	<u>(9,876)</u>
Net cash provided by (used in) operating activities		<u>109,522</u>	<u>521,375</u>
Cash flows from investing activities:			
Purchase of tangible fixed assets		(83,502)	(23,031)
Interest received		<u>386</u>	<u>47</u>
Net cash provided by (used in) investing activities		<u>(83,116)</u>	<u>(22,984)</u>
Cash flows from financing activities:			
Loan repayments in year		<u>-</u>	<u>(300,000)</u>
Net cash provided by (used in) financing activities		<u>-</u>	<u>(300,000)</u>
		<u>-</u>	<u>-</u>
Change in cash and cash equivalents in the reporting period		26,406	198,391
Cash and cash equivalents at the beginning of the reporting period		<u>385,435</u>	<u>187,044</u>
Cash and cash equivalents at the end of the reporting period		<u>411,841</u>	<u>385,435</u>

The notes form part of these financial statements

EMERSON COLLEGE TRUST LIMITED

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
for the year ended 30 June 2020

1. RECONCILIATION OF NET INCOME/(EXPENDITURE) TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2020 £	2019 £
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	1,039,534	38,500
Adjustments for:		
Depreciation charges	37,388	44,797
Interest received	(386)	(47)
Interest paid	-	9,876
Movement in non current liabilities	(46,435)	(43,448)
(Increase)/decrease in stocks	(793,337)	473,835
(Increase)/decrease in debtors	(50,000)	(25,609)
Increase/(decrease) in creditors	<u>(77,242)</u>	<u>33,257</u>
Net cash provided by (used in) operating activities	<u>109,522</u>	<u>531,251</u>

EMERSON COLLEGE TRUST LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS **for the year ended 30 June 2020**

1. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements of the charitable company, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) '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) (effective 1 January 2015)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006. The financial statements have been prepared under the historical cost convention with the exception of investments which are included at market value.

Income

All income is recognised in the Statement of Financial Activities once the charity has entitlement to the funds, it is probable that the income will be received and the amount can be measured reliably.

Expenditure

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. 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.

Allocation and apportionment of costs

Resources expended are included in the Statement of Financial Activities on an accruals basis and are allocated to a specific activity where costs relate directly to that activity.

Costs of generating funds are the costs directly attributable to raising funds.

Charitable expenditure includes all costs directly relating to the objective of the charity and the costs involved supporting that work.

Governance costs relate to the costs of legal and professional fees, audit fees.

Support costs include those costs connected with the management of the charity's assets, organisational management and administration and compliance with constitutional and statutory requirements.

Expenditure on support costs of the charity includes all expenditure not directly related to the charitable activity or fundraising ventures.

Tangible fixed assets

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

Freehold property	- 1% on cost
Short leasehold	- Over the life-time of the 7 years lease
Machinery and office equipment	- 20-25% on reducing balance
Fixtures and fittings	- 25% on reducing balance
Library Books	- 15-25% on reducing balance

Assets costing £750 or more are capitalised. All other assets under this amount are expensed to the income and expenditure account.

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Taxation

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

EMERSON COLLEGE TRUST LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
for the year ended 30 June 2020

1. ACCOUNTING POLICIES - continued

Group Financial Statements

The financial statements consolidate the results of the charity and its wholly owned subsidiary Emerson College Enterprise Limited on a line-by-line basis. A separate Statement of Financial Activities and Income and Expenditure Account for the charity has not been presented because the Trust has taken advantage of the exemption afforded by section 408 of the Companies Act 2006.

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.

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Pension costs and other post-retirement benefits

The charitable company was contributing to the Mercury Provident Pension Scheme which is an unsegregated multi-employer defined-benefit scheme. This is a collective policy scheme (i.e. members have a joint and several obligation to pay the liabilities of any member who is not able to pay) for employees of a number of anthroposophical institutions in the UK and the assets of the scheme are held independently and separate to those of the charitable company. The scheme has been closed to further benefit accrual.

The last actuarial valuation carried out to 31 March 2018 identified a funding short fall of £15.2 million for the scheme as a whole. Emerson's share of the best estimate valuation of the deficit was reflected in the financial statements for the year ended 30 June 2016, based on the actuarial valuation as at 31 December 2016. Although the 2018 valuation shows an improved position the deficit shown in the financial statements continues to be based upon the independent professional advice as is more fully explained in note 19.

Subsequent to the closure of the defined benefit scheme the charitable company has commenced contributing towards a money purchase pension scheme. Contributions payable for the year are charged in the income and expenditure account.

Investments

Fixed asset investments loans are stated at cost as they are ultimately redeemable at their original value and are not saleable. Other equities are stated at market value derived from information offered by the issuing company.

2. DONATIONS AND LEGACIES

	2020	2019
	£	£
Donations	30,579	75,785
Legacies	145,270	8,681
Grants	91,000	-
	<u>266,849</u>	<u>84,466</u>

In addition to the above donations a further donation of £21,900 (2019: £25,421) was received from the college's subsidiary, Emerson College Enterprises Limited and this is not reflected in the consolidated accounts.

3. INVESTMENT INCOME

	2020	2019
	£	£
Investment interest	386	47
	<u>386</u>	<u>47</u>

EMERSON COLLEGE TRUST LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
for the year ended 30 June 2020

4. INCOME FROM CHARITABLE ACTIVITIES

	Activity	2020 £	2019 £
Student fees	Education	236,157	210,130
Student boarding & Catering	Education	389,289	448,653
Other income	Education	73,999	40,182
Venue hire & rental income	Education	<u>175,198</u>	<u>210,903</u>
		<u>874,643</u>	<u>909,868</u>

Included in Venue hire & rental income are short hires £76,081 (2019: £85,486), workspace rentals £16,047 (2019: £29,281) and rental income of £83,070 (2019: £96,136)

5. OTHER INCOME

During the year six properties with a net book value of £46,200 were transferred from the parent to the subsidiary resulting in a revaluation gain of £923,800. The properties have been classified as stock within the subsidiary's individual accounts. One of the properties was then sold for £215,000 which is shown as trading income.

During the year rental income of £25,755 was received (2019: £5,580)

6. CHARITABLE ACTIVITIES COSTS

	Direct costs (See note 7) £	Support costs (See note 8) £	Totals £
Education	<u>775,341</u>	<u>272,703</u>	<u>1,048,044</u>

7. DIRECT COSTS OF CHARITABLE ACTIVITIES

	2020 £	2019 £
Staff costs	423,843	418,309
Tutor Fees	96,608	113,189
Tutor accommodation & material	28,213	28,323
Provisions and household	64,919	80,069
Garden costs	1,489	2,200
Library and Bookshop materials	12,708	10,583
Repairs and maintenance	42,900	31,905
Bad Debts	870	-
Pixton Third Age Project	<u>103,791</u>	<u>-</u>
	<u>775,341</u>	<u>684,578</u>

8. SUPPORT COSTS

	Management £	Governance costs £	Totals £
Education	<u>259,401</u>	<u>13,302</u>	<u>272,703</u>

Support costs, included in the above, are as follows:

EMERSON COLLEGE TRUST LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
for the year ended 30 June 2020

8. SUPPORT COSTS - continued

Management

	2020	2019
	Education	Total activities
	£	£
Trustees' expenses	596	1,104
Rates and water	35,359	40,755
Insurance	18,115	17,607
Light and heat	50,151	56,142
Telephone, internet & copier	3,665	3,321
Postage and stationery	745	870
Advertising & publicity	11,315	18,795
Office equipment and IT	25,802	22,832
Pension deficit Michael Hall	-	1,762
Pension deficit administration	13,191	12,563
Pension deficit finance costs	34,634	36,306
Pension Levy	9,804	11,613
Professional fees	4,670	7,697
Travel & other costs	1,945	2,862
Membership Fees	2,522	3,055
Bank & other charges	9,499	12,005
Depreciation of tangible and heritage assets	<u>37,388</u>	<u>44,795</u>
	<u>259,401</u>	<u>294,084</u>

Governance costs

	2020	2019
	Education	Total activities
	£	£
Auditors' remuneration	7,000	6,000
Auditors' remuneration for non audit work	6,302	4,270
Legal & professional fees	<u>-</u>	<u>-</u>
	<u>13,302</u>	<u>10,270</u>

9. NET INCOME/(EXPENDITURE)

Net income/(expenditure) is stated after charging/(crediting):

	2020	2019
	£	£
Auditors' remuneration	7,000	6,000
Other non-audit services	6,302	4,270
Depreciation - owned assets	<u>37,388</u>	<u>44,797</u>

The subsidiary's audit and accountancy fee was £2,280 (2019: £2,900)

EMERSON COLLEGE TRUST LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
for the year ended 30 June 2020

10. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 30 June 2020 nor for the year ended 30 June 2019.

Trustees' expenses

	2020 £	2019 £
Trustees' expenses	<u>596</u>	<u>1,104</u>

Trustees' expenses relate to travel and subsistence for three trustees.

11. STAFF COSTS

	2020 £	2019 £
Wages and salaries	430,572	418,843
Social security costs	28,681	24,159
Other pension costs	<u>6,726</u>	<u>4,614</u>
	<u>465,979</u>	<u>447,616</u>

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

	2020 <u>18</u>	2019 <u>18</u>
Teaching and administration		

No employees received emoluments in excess of £60,000.

The key management personnel of the charity are the trustees, the Director of Operations and the Director of Development. The total employment costs including employer pension contributions of key management personnel totalled £ 446,089.44 (2019: £46,378.31)

12. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted funds £	Restricted funds £	Total funds £
INCOME AND ENDOWMENTS FROM			
Donations and legacies	51,848	32,618	84,466
Charitable activities			
Education	909,570	298	909,868
Investment income	47	-	47
Trading income	545,000	-	545,000
Other income	<u>5,580</u>	<u>-</u>	<u>5,580</u>
Total	1,512,045	32,916	1,544,961

EMERSON COLLEGE TRUST LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
for the year ended 30 June 2020

12. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES - continued

	Unrestricted funds £	Restricted funds £	Total funds £
EXPENDITURE ON			
Charitable activities			
Education	982,751	6,181	988,932
Bank loan interest	9,876		9,876
Subsidiary's trading activities	<u>507,563</u>	<u>-</u>	<u>507,563</u>
Total	<u>1,500,190</u>	<u>6,181</u>	<u>1,506,371</u>
NET INCOME/(EXPENDITURE)	11,855	26,735	38,590
RECONCILIATION OF FUNDS			
Transfers between funds	41,740	(41,740)	-
Total funds brought forward	<u>1,476,170</u>	<u>73,724</u>	<u>1,549,894</u>
TOTAL FUNDS CARRIED FORWARD	<u><u>1,529,765</u></u>	<u><u>58,719</u></u>	<u><u>1,588,484</u></u>

EMERSON COLLEGE TRUST LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
for the year ended 30 June 2020

13. TANGIBLE FIXED ASSETS (GROUP AND COMPANY)

	Freehold property £	Short leasehold £	Machinery and office equipment £
COST			
At 1 July 2019	2,577,463	77,000	163,946
Additions	17,097	-	1,835
Disposals	(105,000)	-	-
At 30 June 2020	<u>2,489,560</u>	<u>77,000</u>	<u>165,781</u>
DEPRECIATION			
At 1 July 2019	354,776	72,200	149,545
Charge for year	25,798	4,800	3,946
Eliminated on disposal	(58,800)	-	-
At 30 June 2020	<u>321,774</u>	<u>77,000</u>	<u>153,491</u>
NET BOOK VALUE			
At 30 June 2020	<u>2,167,786</u>	<u>-</u>	<u>12,290</u>
At 30 June 2019	<u>2,222,687</u>	<u>4,800</u>	<u>14,401</u>
	Fixtures and fittings £	Library Books £	Totals £
COST			
At 1 July 2019	302,091	16,848	3,137,348
Additions	64,570	-	83,502
Disposals	-	-	(105,000)
At 30 June 2020	<u>366,661</u>	<u>16,848</u>	<u>3,115,850</u>
DEPRECIATION			
At 1 July 2019	291,874	16,828	885,223
Charge for year	2,824	20	37,388
Eliminated on disposal	-	-	(58,800)
At 30 June 2020	<u>294,698</u>	<u>16,848</u>	<u>863,811</u>
NET BOOK VALUE			
At 30 June 2020	<u>71,963</u>	<u>-</u>	<u>2,252,039</u>
At 30 June 2019	<u>10,217</u>	<u>20</u>	<u>2,252,125</u>

EMERSON COLLEGE TRUST LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
for the year ended 30 June 2020

14. FIXED ASSET INVESTMENTS (GROUP)

	Listed investments £
MARKET VALUE	
At 1 July 2019 and 30 June 2020	<u>12,267</u>
NET BOOK VALUE	
At 30 June 2020	<u>12,267</u>
At 30 June 2019	<u>12,267</u>

There were no investment assets outside the UK.

Emerson College holds 265 Depository Receipts in Triodos Bank NV.

The charitable company's investment at the Balance Sheet date includes the £1 ordinary share in Emerson College Enterprises Limited set up to develop some of the properties with Emerson College site.

Emerson College Enterprises Limited

Class of shares - Ordinary holding 100%

15. STOCKS

	2020 £	2019 £
Stocks - Company	24,830	23,204
Work-in-progress - Subsidiary	837,911	-
Group	<u>862,741</u>	<u>23,204</u>

16. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

Group	2020 £	2019 £
Trade debtors	107,175	96,595
Other debtors	73,037	11,020
Intercompany account	-	-
Prepayments and accrued income	<u>2,176</u>	<u>24,773</u>
	<u>182,388</u>	<u>132,388</u>
Company	2020 £	2019 £
Trade debtors	105,674	96,595
Other debtors	63,712	11,020
Intercompany account	1,214,632	203,317
Prepayments and accrued income	<u>2,176</u>	<u>24,774</u>
	<u>1,386,194</u>	<u>335,706</u>

EMERSON COLLEGE TRUST LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
for the year ended 30 June 2020

17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

Group

	2020	2019
	£	£
Trade creditors	51,362	78,123
Social security and other taxes	5,322	7,088
Other creditors	9,126	23,912
Pension creditor	53,367	47,372
Private loans	2,500	2,500
Accruals and deferred income	<u>189,615</u>	<u>229,539</u>
	<u>311,292</u>	<u>388,534</u>

Company

	2020	2019
	£	£
Trade creditors	51,362	78,123
Social security and other taxes	5,322	7,088
Other creditors	9,126	23,912
Pension creditor	53,367	47,372
Accruals and deferred income	<u>187,335</u>	<u>227,259</u>
	<u>306,512</u>	<u>383,754</u>

The pension creditor disclosed as due within one year represents an estimate of the reduction in the liability which will be achieved in the next 12 months and not the actual payments to be made in the next year.

EMERSON COLLEGE TRUST LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
for the year ended 30 June 2020

18. MOVEMENT IN FUNDS

	At 1.7.19	Net movement in funds	Transfers between funds	At 30.6.20
	£	£		£
Unrestricted funds				
General fund	1,501,391	888,814	27,881	2,418,086
Biodynamic agriculture	25,859	(840)	-	25,019
Holistic Baby & Child Care BD	2,244	(84)	-	2,160
14/15 Course Development				
Library	271	-	-	271
	<u>1,529,765</u>	<u>887,890</u>	<u>27,881</u>	<u>2,445,536</u>
Restricted funds				
Initiative Group	1,593	-	-	1,593
Greenhouse	19,370	7,184	(26,554)	-
Ruskin Hall (Refurbishment)	21,072	-	(4,118)	16,954
Stage	330	-	-	330
Library - hol Baby & Child	1,510	-	-	1,510
Bursary Holistic Baby	1,087	-	-	1,087
Pixton	-	(2,791)	2,791	-
Anthroposophic Nursing	1,036	-	-	1,036
Healing Words	3,858	-	-	3,858
Storytelling Bursary	5,473	258	-	5,731
Storytelling	3,390	(810)	-	2,580
Emerson Bursary	-	2,533	-	2,533
Practioners & Teachers	-	145,270	-	145,270
	<u>58,719</u>	<u>151,644</u>	<u>(27,881)</u>	<u>182,482</u>
TOTAL FUNDS	<u>1,588,484</u>	<u>1,039,534</u>	<u>-</u>	<u>2,628,018</u>

EMERSON COLLEGE TRUST LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
for the year ended 30 June 2020

Net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	2,057,678	(1,168,864)	888,814
Biodynamic agriculture	(840)	-	(840)
Holistic Baby & Child Care BD 14/15 Course Development	-	(84)	(84)
	<u>2,056,838</u>	<u>(1,168,948)</u>	<u>887,890</u>
Restricted funds			
Greenhouse	7,184	-	7,184
Pixton	101,000	(103,791)	(2,791)
Emerson Bursary	2,545	(12)	2,533
Practitioners & Teachers	145,270	-	145,270
Storytelling Bursary	258	-	258
Storytelling	330	(1,140)	(810)
Biodynamic agriculture fund	125	(125)	-
	<u>256,712</u>	<u>(105,068)</u>	<u>151,644</u>
TOTAL FUNDS	<u><u>2,313,550</u></u>	<u><u>(1,274,016)</u></u>	<u><u>1,039,534</u></u>

EMERSON COLLEGE TRUST LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
for the year ended 30 June 2020

18. MOVEMENT IN FUNDS - continued
Comparatives for movement in funds

	At 1.7.18	Net movement in funds	Transfers between funds	At 30.6.19
	£	£		£
Unrestricted funds				
General fund	1,447,730	11,921	41,740	1,501,391
Biodynamic agriculture	25,859	-	-	25,859
Holistic Baby & Child Care BD 14/15 Course Development Library	2,310	(66)	-	2,244
	271	-	-	271
	<u>1,476,170</u>	<u>11,855</u>	<u>41,740</u>	<u>1,529,765</u>
Restricted funds				
Biodynamic agriculture fund	39,009	(3,830)	(35,179)	-
Initiative Group	1,593	-	-	1,593
Greenhouse	555	18,815	-	19,370
Ruskin Hall (Refurbishment)	21,072	-	-	21,072
Stage	330	-	-	330
Library - hol Baby & Child	1,510	-	-	1,510
Bursary Holistic Baby	1,087	-	-	1,087
Pixton	7,532	(971)	(6,561)	-
Anthroposophic Nursing	1,036	-	-	1,036
Healing Words	-	3,858	-	3,858
Storytelling Bursary	-	5,473	-	5,473
Storytelling	-	3,390	-	3,390
	<u>73,724</u>	<u>26,735</u>	<u>(41,740)</u>	<u>58,719</u>
TOTAL FUNDS	<u>1,549,894</u>	<u>38,590</u>	<u>-</u>	<u>1,588,484</u>

Comparative net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	1,512,045	(1,500,124)	11,921
Holistic Baby & Child Care BD 14/15 Course Development	<u>-</u>	<u>(66)</u>	<u>(66)</u>
	1,512,045	(1,500,190)	11,855
Restricted funds			
Greenhouse	18,815	-	18,815
Healing Words	3,858	-	3,858
Pixton	-	(971)	(971)
Storytelling Bursary	5,473	-	5,473
Storytelling	4,770	(1,380)	3,390
Biodynamic agriculture fund	<u>-</u>	<u>(3,830)</u>	<u>(3,830)</u>
	32,916	(6,181)	26,735
TOTAL FUNDS	<u>1,544,961</u>	<u>(1,506,371)</u>	<u>38,590</u>

EMERSON COLLEGE TRUST LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
for the year ended 30 June 2020

18. MOVEMENT IN FUNDS - continued

RESTRICTED FUNDS

Biodynamics agriculture fund

This fund represents the donation from a third party to construct and equip a building to support a biodynamic training scheme. The building was constructed a number of years ago, but as the trustees are of the opinion that the restriction imposed by the donor extends beyond the construction of the building to an ongoing requirement that the building is used for the prescribed purpose this fund stands at the value of the original donation less the estimated depreciation of the building since its construction. Emerson College Trust Limited no longer owns this building and the balance has now been transferred to general reserves.

Initiative Group

This fund is for improving teaching facilities for courses run at the college.

Greenhouse

Donations have been received to construct a greenhouse within the college site to enable more food to be grown in the garden and to be more self-sustaining.

Ruskin Hall

Funds were received for the refurbishment of Ruskin Hall.

Stage

Funds were received to improve the stage in Ruskin Hall.

Bursary - Holistic Baby & Child

Funds were received which are to be applied to a bursary on this course.

Library - Holistic and baby childcare

Fund for Steiner Waldorf international birth to three training programme.

Pixton

To develop Pixton building

Anthroposophic Nursing

Fund for the experienced based training in anthroposophical nursing which leads to an extended understanding of the human body.

Healing Words

Donation from Storytelling for furtherment of storytelling course

Storytelling Bursary

Funds to provide bursaries for students on Storytelling Beyond Words course

Storytelling

These are the donations received for the art and craft of storytelling to prepare people to carry the spoken word with a lively imagination into the community and places of work.

DESIGNATED FUNDS

Biodynamics agriculture

This fund provides bursary support for students wishing to train in biodynamic agriculture at the college.

Holistic Baby & Child Course Development

This fund represents course development for the Holistic Baby and Child course..

Library

This fund was set up this year for donations towards the restoration of the building.

EMERSON COLLEGE TRUST LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
for the year ended 30 June 2020

19. PENSION COMMITMENTS

As referred to in the accounting policies the charitable company participates in a defined benefit pension scheme, providing benefits based on final pensionable earnings, which is the basic salary. The scheme has equal pension rights with respect to members of either sex. The assets of the scheme are held in a separate trustee administered (multi-employer) fund. Although the assets and liabilities of the fund are not wholly attributable to the charitable company the scheme actuaries have calculated each employer's share of the funding shortfall as the proportion of the total that their past service liability bears to the total past service liability.

The actuary's report as at 31 March 2007 disclosed that the scheme was in deficit in the order of £4.7 million and that Emerson College Trust Limited's share of that deficit was £434,000 and this was reflected in the accounts to 30th June 2008. The scheme funding shortfall was adjusted for contributions and expenses and accrued to 31st December 2008 and resulted in a revised deficit of £5.049 million with Emerson College Trust Limited's share rising to £449,945.

The scheme has been closed to further benefit accrual, and the future contributions levels have been calculated to eliminate the scheme deficit over a period of 19 years. These contributions commenced at £31,622 per annum together with an annual £10,694 contribution to cover expenses. Every 1 April the contributions are increasing by 5%. Emerson also has a liability with the other employers of the scheme to fund the scheme's shortfall. The annual contribution from January 2019 increased to approximately £88,855

The most recent actuarial valuation was undertaken by an independent professionally qualified actuary as at 31 December 2018 using the statement of funding principles. The principal assumptions which have the most significant effect on the computation of the pension costs are those related to the rate of return on investments (assumed to be 2.3% post retirement and 2.3% pre-retirement) and the rate of increase in the Consumer Prices Index (assumed to be 1.75% pa). These assumptions have been derived from the market yields applying at the valuation date. In particular, the investment return used relating to pre-retirement liabilities was 2.15 percentage points per annum in excess of the assumed rate of increase in consumer price inflation.

The actuarial Valuation Initial Results as at December 2018 showed that the scheme was in deficit in the order of £15.9 million, and this figure was subsequently revised down to £15.2 million and that Emerson's share of that deficit was approximately £1,605,000. A further updated valuation as at the end of April 2019 estimates the deficit at £14.7m. The best estimate valuation of the deficit at 31 December 2018 was less than £6 million - Best estimate basis is the calculation of the liability with all margins for prudence removed. **This is the basis which the actuaries expect to reflect the true cost of providing benefits to members of the Scheme.**

As there was such a huge difference between the deficit in the scheme as calculated on the SFO basis from the best estimate the trustees obtained independent professional advice as to when the current payment plan would eliminate Emerson's share of the deficit. The independent actuary's opinion was that the current payment plan will pay off the deficit by 2029 not 2035 as anticipated under the SFO basis. The deficit reflected in the Balance Sheet is based on the fair value of the agreed payments to 2029 using a discount rate of 4%.

The balance due to the defined benefit pension scheme relating to the funding shortfall as referred to above at the year-end was estimated to be £835,332 (2019: £875,773).

The total payments made to this pension scheme in the year under review was £88,266 (2019: £86,739). The payment was composed of 3 parts, pension administration £13,191, finance costs £34,634 & repayment of the deficit £40,441.

20. RELATED PARTY DISCLOSURES

There were no related party transactions for the year ended 30th June 2020.

EMERSON COLLEGE TRUST LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
for the year ended 30 June 2020

21. TRADING INCOME AND EXPENDITURE

The subsidiary's income was £247,872 (2019: £550,580), made up of trading income £215,000 (2019: £545,000) and other income £32,872 (2019: £5,580) and the costs before donation to Emerson College Trust Limited were £225,972 (2019: £525,159).

22. FINANCIAL PERFORMANCE OF THE CHARITABLE COMPANY

	2020	2019
	£	£
Income	1,141,878	1,011,381
Gift from Subsidiary	21,900	25,421
Gain on sale of tangible fixed assets	<u>923,800</u>	-
	2,087,578	1,036,802
Expenditure on charitable activities	<u>1,048,044</u>	<u>998,212</u>
Net (expenditure)/income	1,039,534	38,590
Total funds brought forward	<u>1,588,484</u>	<u>1,549,894</u>
Total funds carried forward	<u>2,628,018</u>	<u>1,588,484</u>
Represented by:		
Unrestricted Funds	2,445,536	1,529,765
Restricted Funds	<u>182,482</u>	<u>58,719</u>
Total Funds	<u>2,628,018</u>	<u>1,588,484</u>