

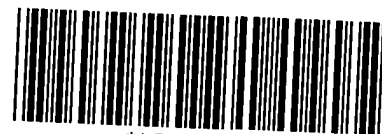
Registered number: 04306353
Charity number: 1090724

ALRA
(A Company Limited by Guarantee)

TRUSTEES' REPORT AND FINANCIAL STATEMENTS

For the Year Ended 31 August 2017

THURSDAY



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31/05/2018
COMPANIES HOUSE

ALRA
(A Company Limited by Guarantee)

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ALRA

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REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, ITS TRUSTEES AND ADVISERS
For the Year Ended 31 August 2017

Trustees

H. A. Cowd, Chairman
L. Adamson
T. Bradshaw
P. Elborn (resigned 17 July 2017)
R. Gill (resigned 15 March 2017)
C. Lloyd-Davies
J. Luck (appointed 17 July 2017)
M. Lyle (appointed 6 November 2017)
C. Lynch
S. Parriss (appointed 17 July 2017)
S. Ponnappa (resigned 10 October 2016)

Company registered number

04306353

Charity registered number

1090724

Registered office

Studio 24 Royal Victoria Patronic Building
John Archer Way
London
SW18 3SX

Principal

A Hall

Independent auditors

Goodman Jones LLP
Chartered Accountants
29/30 Fitzroy Square
London
W1T 6LQ

Bankers

The Co-Operative
80 Cornhill
London
EC3V 3NJ

CAF Bank
25 Kings Hill Avenue
Kings Hill
West Malling
Kent
ME19 4JQ

ALRA

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TRUSTEES' REPORT

For the Year Ended 31 August 2017

The Trustees present their annual report together with the audited financial statements of ALRA for the financial year 1 September 2016 to 31 August 2017. The Trustees confirm that the Annual Report and financial statements of the company comply with the current statutory requirements, the requirements of the company's governing document and the provisions of the Statement of Recommended Practice (SORP), 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) as amended by Update Bulletin 1 (effective 1 January 2015).

Objectives and Activities

a. Policies and objectives

The key objects of the Charity are to advance education of students by providing a school for the teaching of acting in the theatre, television, film and radio, stage management and technical theatre, and by teaching all skills and techniques connected with the live and recorded arts.

b. Activities for achieving objectives

The core activities have continued to be the provision of high quality vocational training for the live performance, screen and audio industries in Wigan and London. The provision is currently: BA Acting (3yr), MA Acting (1yr 3 months), Full time Foundation (1yr), Part time Foundation (1yr) and Stage Management & Technical Theatre. Short courses are offered both to students and the wider community.

Social Media:

Facebook - steady growth of an average of 25 new likes each month

Twitter - Average follower increase of 63 per month through 2017 - up from an average of 59 per month in 2016

Website:

ALRA continues to outperform key competitors (namely GSA, Arts Ed and Mountview) in terms of visibility and ranking.

We appear in the top 10 rankings nationally for key phrases such as:

Drama Schools

Drama Foundation Courses

Foundation Acting Courses

Impressively - we have first page number 1 ranking for:

15 Month Acting Diploma

Acting Diploma 15 Month

MA Professional Acting

Postgraduate Acting Courses

MA in Acting

Applications are expected to rise significantly in 2017/18 as a result.

All staff were expected to seek Fellowships from the HEA during the academic year and 3 achieved fellowship status prior to the end of the year including the Principal Fellowship.

c. Grant making policies

Grantmaking - this includes the value of scholarships, grants, prizes and other awards made to the college's students made from unrestricted funds. This totalled just over £535,000 this year, including awards made in respect of the Dance and Drama Awards. The college, in line with policy, makes these awards based on the individual's educational and career potential where the award is out of unrestricted fund, and subject to the particular conditions imposed by the original donor where the award is out of restricted funds.

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TRUSTEES' REPORT (continued)
For the Year Ended 31 August 2017

Awards and Bursaries - awards available to students during the year were: the Talbot House Trust & Roger Demerger Fund as well as other smaller awards. ALRA students received £2,970 from these awards. ALRA has provided bursaries totalling £6,900. These awards are provided to support the studies of particular students. The college received bursaries from Garfield Weston and Talbot House Award. Awards were made to individual students based on their potential, subject to the particular conditions imposed by the original donors.

d. Main activities undertaken to further the charity's purposes for the public benefit

The Trustees hold in high regard the principle of public benefit and requires the Principal and staff of ALRA to pursue strategies that demonstrate this. The Board of Trustees, at its Termly meetings, reviews ongoing charitable activities to ensure consistency with our charitable objects. The Board of Trustees is aware of the Charity Commission's guidance on public benefit and has regard to it in determining the charity's aims and in the way it carries out its activities.

ALRA is committed to the development of excellent practice for the advancement of the student experience in Acting and Stage Management. By performing research on pedagogical advances in vocational training, our teaching staff are able to provide members with extensive knowledge of current and best practice that allows them to make informed choices on delivery modes, thereby providing public benefit through:

- Reducing the need for irrelevant training
- Improving the lengthy and costly process of actor training
- Safeguarding students from emotional and mental issues arising from intensive vocational training practices.

Achievements and performance

a. Review of activities

All students were aged 18 plus on entry, except for Postgraduate students who were aged 21 plus. In September 2016 266 students were enrolled in the college, of whom 61 were funded through the Learning and Skills Council Dance and Drama Award scheme. The total number of students enrolled represents an increase of just over 6% and is in line with recruitment targets for the next 3 years.

Other income, including fundraising through commercial activities, continues to increase. ALRA continues to work on and support local projects. We continue to show our commitment to the wider community through availability of low cost spaces, engaging with small touring companies, Theatre in Education and community groups using both the Trencherfield Mill venue, rehearsal rooms both north and south and providing access to specialist teaching and resources.

b. Achievement and performance

ALRA students graduating in 2017 have worked in theatre, radio, film and television and increasingly are able to self-generate work. 100% of the Stage Management and Technical Theatre students went directly into employment. Year on year more than 80% of our students from the three year and 15 month courses have representation following showcase and the majority were working in their first year.

UNISTATS data shows we have achieved a 95% overall student satisfaction rating with particular satisfaction noted (98%) in the category: "Staff made the subject interesting"

The full-time Foundation provision is now delivered completely at ALRA North and from 2017 included an ALRA South cohort.

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TRUSTEES' REPORT (continued)
For the Year Ended 31 August 2017

The Trustees continue to monitor the diversity of our community at Board Meetings and strive to improve our inclusivity through outreach and collaborative initiatives. ALRA is proud to support one of the most diverse drama school communities in the sector. To further these aims we work closely with organisations such as Generation Arts and Yellow Earth and continue to provide outreach support to colleges and schools serving deprived areas with low participation historically.

HEFCE praised our engagement with Widening Participation and requested a copy of our policy as an unusual and exemplary document for an Alternative Provider to develop. Professional bodies have also used us to trial research in this area. NSS and DLHE have all been completed and approved in our first year of submission. Provisional TEF status has been achieved.

February and March saw the school successfully validated by Trinity College London.

Once again an ALRA student was one of the main Laurence Olivier Award recipients.

Financial review

a. Reserves policy

The Trustees continue to work towards consistent surplus generation to rebuild free reserves and maintain these at 3-6 months of expenditure going forward. Management are constantly reviewing for cost savings and for ways of improving systems to enable work to be carried out more efficiently. In addition, expansion of course offerings using existing resources will contribute to the rebuilding of reserves. Surpluses created will be converted to reserves and will be designated for specific projects as considered appropriate by the Trustees.

The unrestricted funds at the balance sheet date were £31,017 (2016: £91,310).

b. Results for the year

Total income increased this year, up £169,601 (7.43%) against 2015/16. This was primarily due to full recruitment on the PG courses. PG loans are available from 2017 for Alternative Providers, such as ALRA, who achieve designation and this will permanently stabilise PG recruitment moving forward.

Total expenditure rose by £131,136 (5.51%) against 2015/16. The increase is mainly due to course delivery and additional personnel who are required to satisfy the increasingly rigorous regulatory requirements of the Higher Education sector, as well as increased premises costs (following a rent increase in respect of ALRA South). ALRA continues to seek the best value in providing the highest quality training.

Structure, governance and management

a. Constitution

The Charity is registered as a charitable company limited by guarantee, and registered under company number 04306353, and was registered as a charity in February 2002 under charity number 1090724.

The Charity is constituted under a Deed of Trust and is governed by its Memorandum and Articles of Association.

The principal activities of the Charity are to further its charitable objectives within the powers permitted by its Memorandum and Articles of Association.

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TRUSTEES' REPORT (continued)
For the Year Ended 31 August 2017

b. Recruitment and appointment of Trustees

The Charity is governed by its Board of Trustees as detailed on page 1. The Charity's elected Trustees are appointed at the Annual General Meeting. Trustees are appointed based on adherence to the guidelines of eligibility, personal competence, specialist skills and knowledge, and local availability. Newly appointed trustees are given a detailed briefing on the Charity, together with their legal responsibilities.

c. Pay policy for senior staff

The Principal's salary is determined by a remuneration sub-committee which draws upon results, appraisal, achievements, and market comparisons when setting the level.

d. Organisational structure and decision making

The Trustees are legally responsible for the overall management and control of the Charity, and meet on average three times a year.

The day-to-day management of the Charity is delegated to the Principal, who is supported by the Senior Leadership Team.

In the final term of the year, following consultation and review, a restructure of management reporting lines, committee reporting and job titles was undertaken for implementation in September 2017. This was felt essential with a QAA review due in October 2017.

e. Risk management

The Trustees have assessed the major risks to which the Charity is exposed, in particular those related to the operations and finances of the Charity, and are satisfied that systems and procedures are in place to mitigate exposure to the major risks.

The Trustees consider that the Charity is exposed to two principal risks:

1. Changes in the Government's policy regarding the funding of undergraduate and postgraduate theatre education, which may have a detrimental effect on the funding available either to the Charity or to its students. The Charity actively monitors changes and developments in this area and participates in key discussions and policy forums to ensure it is aware of, and expresses opinions on, this issue.
2. Short-term investment risks since the Charity relies on its reserves and resources for the furtherance of its objectives. The Charity has adopted a policy of holding its reserves on deposit to minimise short-term investment risks and keep resources readily available.

Through the risk management processes established, the Trustees are satisfied that the major risks identified have been adequately mitigated where necessary. It is recognised that systems can only provide reasonable, but not absolute, assurance that major risks have been adequately managed and so the Trustees undertake frequent reviews of risks and risk management procedures.

The Charity has adopted the following key controls and risk management procedures:

- Formal agenda for all Board Meetings, including risk and risk management reviews;
- Comprehensive strategic planning, budgeting and management accounting;
- An established organisational structure and lines of reporting, subject to regular review;
- Formal written policies, handbooks, and staff training; and
- Clear authorisation and approval levels.

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TRUSTEES' REPORT (continued)
For the Year Ended 31 August 2017

Plans for future periods

In the academic year 2017/18 the current BA and MA Acting courses will be re-validated and proposals for a new MA Directing are advanced with validation expected to allow recruitment for the 2018/19 academic year. Full time Foundation students now study at the North campus and will study at the South campus from 2017/18.

Disclosure of information to auditors

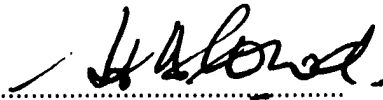
Each of the persons who are Trustees at the time when this Trustees' Report is approved has confirmed that:

- so far as that Trustee is aware, there is no relevant audit information of which the charitable company's auditors are unaware, and
- that Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any information needed by the charitable company's auditors in connection with preparing have report and to establish that the charitable company's auditors are aware of that information.

Auditors

The auditors, Goodman Jones LLP, have indicated their willingness to continue in office. The Trustees will propose a motion re-appointing the auditors at a meeting of the Trustees.

This report was approved by the Trustees, on 26/4/18, and signed on their behalf by:


.....
H. A. Cowd
Chairman

ALRA

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TRUSTEES' RESPONSIBILITIES STATEMENT
For the Year Ended 31 August 2017

The Trustees (who are also directors of ALRA for the purposes of company law) are responsible for preparing the Trustees' Report 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. Under company law the Trustees 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 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 these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP;
- make judgments 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 charitable company will continue in operation.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable 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 charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ALRA

Opinion

We have audited the financial statements of ALRA (the 'Charity') for the year ended 31 August 2017 set out on pages 11 to 30. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2017 and of its incoming 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 Charities Act 2011.

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 charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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.

Use of our report

This report is made solely to the charitable company's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charitable company'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 charitable company and its trustees, as a body, for our audit work, for this report, or for the opinions we have formed.

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 charitable 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.

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ALRA

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 Auditors' Report 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 we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities (Accounts and Reports) Regulations 2008 requires us to report to you if, in our opinion:

- the information given in the Trustees' Report 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.

Responsibilities of trustees

As explained more fully in the Trustees' Responsibilities Statement, the Trustees (who are also the directors of the Charity 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 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 charitable company or to cease operations, or have no realistic alternative but to do so.

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ALRA

Auditors' responsibilities for the audit of the financial statements

We have been appointed as auditor under section 151 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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 an Auditors' Report 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 Auditors' Report.



Goodman Jones LLP
Chartered Accountants
Statutory Auditors
29/30 Fitzroy Square
London
W1T 6LQ

Date: 24/05/2018

Goodman Jones LLP are eligible to act as auditors in terms of section 1212 of the Companies Act 2006.

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STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
For the Year Ended 31 August 2017

	Note	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Income from:					
Donations and legacies	2	1,250	7,500	8,750	3,250
Charitable activities	3	2,430,374	-	2,430,374	2,263,206
Investments	4	13,458	-	13,458	16,525
Total income		2,445,082	7,500	2,452,582	2,282,981
Expenditure on:					
Charitable activities	5	2,512,875	-	2,512,875	2,381,739
Total expenditure		2,512,875	-	2,512,875	2,381,739
Net income / (expenditure) before transfers		(67,793)	7,500	(60,293)	(98,758)
Transfers between Funds	20	7,500	(7,500)	-	-
Net expenditure before other recognised gains and losses		(60,293)	-	(60,293)	(98,758)
Net movement in funds		(60,293)	-	(60,293)	(98,758)
Reconciliation of funds:					
Total funds brought forward		91,310	-	91,310	190,068
Total funds carried forward		31,017	-	31,017	91,310

The notes on pages 15 to 30 form part of these financial statements.

The results from the year derive from continuing activities and there are no gains or losses other than shown above.

ALRA
(A Company Limited by Guarantee)
Registered number: 04306353

BALANCE SHEET
As at 31 August 2017

	Note	£	2017 £	£	2016 £
Fixed assets					
Intangible assets	11		89,255		71,850
Tangible assets	12		277,996		279,790
Investments	13		1		1
			<u>367,252</u>		<u>351,641</u>
Current assets					
Stocks	14	22,823		503	
Debtors	15	2,289,979		2,146,385	
Cash at bank and in hand		678,445		618,784	
		<u>2,991,247</u>		<u>2,765,672</u>	
Creditors: amounts falling due within one year	16	<u>(3,189,816)</u>		<u>(2,931,993)</u>	
Net current liabilities			<u>(198,569)</u>		<u>(166,321)</u>
Total assets less current liabilities			<u>168,683</u>		<u>185,320</u>
Creditors: amounts falling due after more than one year	17		<u>(137,666)</u>		<u>(94,010)</u>
Net assets			<u>31,017</u>		<u>91,310</u>
Charity Funds					
Unrestricted funds	20		<u>31,017</u>		<u>91,310</u>
Total funds			<u>31,017</u>		<u>91,310</u>

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

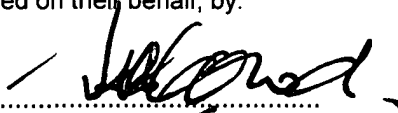
The Trustees consider that the Charity is entitled to exemption from the requirement to have an audit under the provisions of section 477 of the Companies Act 2006 ("the Act") and members have not required the Charity to obtain an audit for the year in question in accordance with section 476 of the Act. However, an audit is required in accordance with section 144 of the Charities Act 2011.

The Trustees acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of financial statements.

ALRA
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BALANCE SHEET (continued)
As at 31 August 2017

The financial statements were approved and authorised for issue by the Trustees on 26/4/18 and signed on their behalf, by:


.....
H. A. Cowd
Chairman

The notes on pages 15 to 30 form part of these financial statements.

ALRA
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STATEMENT OF CASH FLOWS
For the Year Ended 31 August 2017

	Note	2017 £	2016 £
Cash flows from operating activities			
Net cash provided by/(used in) operating activities	22	134,468	(11,260)
Cash flows from investing activities:			
Purchase of fixed assets		(74,807)	(123,301)
Purchase of investments		-	(1)
Net cash used in investing activities		<u>(74,807)</u>	<u>(123,302)</u>
Change in cash and cash equivalents in the year		59,661	(134,562)
Cash and cash equivalents brought forward		618,784	753,346
Cash and cash equivalents carried forward	23	<u>678,445</u>	<u>618,784</u>

The notes on pages 15 to 30 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 August 2017

1. Accounting Policies

1.1 Basis of preparation of financial statements

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

ALRA meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

The financial statements are prepared in Sterling, the functional currency of the Charity, and rounded to the nearest £.

1.2 Company status

The Charity is a company limited by guarantee. The members of the company are the Trustees named on page 1. In the event of the Charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the Charity. The Charity is controlled by its members as a whole.

The Charity's wholly-owned subsidiary was dormant for the entire accounting period. As a result, the Charity has taken advantage of the exemption from preparing consolidated financial statements.

1.3 Going concern

Fee income levels can fluctuate depending on student numbers but also depending on how the course fees are being funded. Budgets and forecasts are prepared annually based on anticipated student numbers and the nature of the funding of the course fees.

Having considered the above and the future plans of the Charity, the Trustees are confident that the Charity will be able to operate and consider it appropriate to adopt the going concern basis on preparing the financial statements.

1.4 Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the Charity and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the Charity for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 August 2017

1. Accounting Policies (continued)

1.5 Income

All income is recognised once the Charity has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Fees receivable, charges for services, and use of premises are recognised in the period in which the service is provided and the entitlement to the income arises. Fees receivable include contributions from external bodies.

Donations and other such voluntary income are recognised once receipt is anticipated and the amount can be quantified with reasonable certainty.

1.6 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Charity; this is normally upon notification of the interest paid or payable by the Bank.

1.7 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, 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 classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity.

Support costs are those costs incurred directly in support of expenditure on the objects of the Charity. Governance costs are those incurred in connection with administration of the Charity and compliance with constitutional and statutory requirements.

Charitable activities and Governance costs are costs incurred on the Charity's educational operations, including support costs and costs relating to the governance of the Charity apportioned to charitable activities.

Grants payable are charged in the year when the offer is made except in those cases where the offer is conditional, such grants being recognised as expenditure when the conditions attaching are fulfilled. Grants offered subject to conditions which have not been met at the year end are noted as a commitment, but not accrued as expenditure.

All expenditure is inclusive of irrecoverable VAT.

1.8 Pensions

The Charity operates a defined contribution pension scheme and the pension charge represents the amounts payable by the Charity to the fund in respect of the year.

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 August 2017

1. Accounting Policies (continued)

1.9 Intangible fixed assets and amortisation

Intangible assets are recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably. Intangible assets are initially recognised at cost and are subsequently measured at cost net of amortisation and any provision for impairment.

Amortisation is provided on intangible fixed assets at rates calculated to write off the cost of each asset, less their estimated residual value, over their expected useful lives on the following bases:

Software	-	20% reducing balance
Goodwill	-	20 years straight line

1.10 Tangible fixed assets and depreciation

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of Financial Activities incorporating Income and Expenditure Account.

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Improvements to property	-	remaining life of the lease
Motor vehicles	-	3 years straight line
Fixtures, fittings and equipment	-	3 - 10 years straight line
Library Books	-	10 years straight line
Computer equipment	-	3 - 8 years straight line
Other fixed assets	-	5 years straight line

1.11 Investments

Fixed asset investments are a form of financial instrument and are initially recognised at their transaction cost and subsequently measured at fair value at the Balance Sheet date, unless fair value cannot be measured reliably in which case it is measured at cost less impairment. Investment gains and losses, whether realised or unrealised, are combined and shown in the heading 'Gains/(losses) on investments' in the Statement of Financial Activities incorporating Income and Expenditure Account.

1.12 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 August 2017

1. Accounting Policies (continued)

1.13 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the Statement of Financial Activities incorporating Income and Expenditure Account.

1.14 Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

1.15 Cash at Bank and in hand

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

1.16 Liabilities and provisions

Liabilities are recognised when there is an obligation at the Balance Sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the Charity anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

1.17 Financial instruments

The Charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

1.18 Operating leases

Rentals under operating leases are charged to the Statement of Financial Activities incorporating Income and Expenditure Account on a straight line basis over the lease term.

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NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 August 2017

1. Accounting Policies (continued)

1.19 Critical accounting estimates and areas of judgment

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

There were no critical accounting adjustments made by the Trustees in the year that involve estimates that are considered to have a significant effect.

2. Income from donations and legacies

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	<i>Total funds 2016 £</i>
Donations	1,250	7,500	8,750	<i>3,250</i>
<i>Total 2016</i>	3,250	-	3,250	

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NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 August 2017

3. Income from charitable activities

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Advancement in Education in Live and Recorded Arts	2,430,374	-	2,430,374	2,263,206
<i>Total 2016</i>	<u>2,263,206</u>	<u>-</u>	<u>2,263,206</u>	

Dance and Drama Awards are grants made by the Department for Education and Skills and allocated to the Charity for attribution at its discretion to particular students enrolled upon its courses. The award covers the majority of the fees payable to the Charity by the student to whom it is allocated.

Grants received

	2017 £	2016 £
Dance and Drama Awards	<u>526,392</u>	<u>543,883</u>

4. Investment income

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Investment income	13,458	-	13,458	16,525
	<u>13,458</u>	<u>-</u>	<u>13,458</u>	<u>16,525</u>
<i>Total 2016</i>	<u>16,525</u>	<u>-</u>	<u>16,525</u>	

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NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 August 2017
5. Analysis of expenditure by activities

	Activities undertaken directly 2017 £	Grant funding of activities 2017 £	Support costs 2017 £	Total 2017 £	Total 2016 £
Advancement in Education in Live and Recorded Arts	1,216,591	9,870	1,286,414	2,512,875	2,381,739
<i>Total 2016</i>	<u>1,160,685</u>	<u>16,235</u>	<u>1,204,819</u>	<u>2,381,739</u>	

In 2016, all expenditure related to unrestricted funds.

6. Analysis of grants

	Grants to Individuals 2017 £	Total 2017 £	Total 2016 £
Advancement in Education in Live and Recorded Arts	9,870	9,870	16,235

7. Direct costs

	Advancing Education £	Total 2017 £	Total 2016 £
Production costs	335,357	335,357	338,342
Premises costs	525,742	525,742	452,923
Insurance	23,768	23,768	21,625
Repairs and renewals	32,691	32,691	33,038
Bank charges and interest	5,521	5,521	2,085
Sundries	2,648	2,648	6,137
Membership and subscriptions	6,513	6,513	3,868
Short course fees	256	256	1,727
Outreach work	7,430	7,430	4,551
Freelance tutor fees	18,586	18,586	18,948
(Profit) / Loss on disposal of fixed assets	-	-	3,506
Wages and salaries	190,056	190,056	206,132
National insurance	7,791	7,791	8,910
Pension cost	1,601	1,601	1,959
Depreciation and amortisation	58,631	58,631	56,934
	<u>1,216,591</u>	<u>1,216,591</u>	<u>1,160,685</u>
<i>Total 2016</i>	<u>1,160,685</u>	<u>1,160,685</u>	

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NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 August 2017

7. Direct costs (continued)

The Charity has only one charitable activity, to advance the education of student by providing a school for the teaching of all skills and techniques connected with the live and recorded arts.

8. Support costs

	Governance	Advancing	Total	Total
	£	Education	2017	2016
		£	£	£
Production costs	-	-	-	271
Equipment hire	-	43,323	43,323	42,675
Telephone and internet	-	10,383	10,383	3,193
Postage and stationery	-	4,199	4,199	3,720
Sundries	-	22,166	22,166	41,964
Travel, subsistence and entertaining	-	53,764	53,764	56,798
Counselling services	-	7,939	7,939	7,668
Publicity costs	-	95,343	95,343	88,849
Library	-	5,121	5,121	2,502
Accreditation expenses	-	21,563	21,563	13,875
Promotional costs	-	27,982	27,982	32,750
Bad debts	-	15,044	15,044	5,380
Legal and professional fees	-	21,578	21,578	22,610
Audit fees	9,500	-	9,500	9,200
Wages and salaries	-	856,168	856,168	789,767
National insurance	-	75,520	75,520	69,701
Pension cost	-	16,821	16,821	13,896
	9,500	1,276,914	1,286,414	1,204,819
<i>Total 2016</i>	<i>9,200</i>	<i>1,195,619</i>	<i>1,204,819</i>	

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NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 August 2017

9. Net income/(expenditure)

This is stated after charging:

	2017	2016
	£	£
Amortisation	3,425	3,425
Depreciation of tangible fixed assets:		
- owned by the charity	55,206	53,510
Auditors' remuneration - audit	9,500	9,200
Auditors' remuneration - other services	3,728	3,604
(Profit) / Loss on disposal of fixed assets	-	3,506
Pension	18,422	15,855
	<u>18,422</u>	<u>15,855</u>

During the year, no Trustees received any remuneration (2016 - £NIL).

During the year, no Trustees received any benefits in kind (2016 - £NIL).

During the year, no Trustees received any reimbursement of expenses (2016 - £NIL).

10. Staff costs

Staff costs were as follows:

	2017	2016
	£	£
Wages and salaries	1,046,224	995,899
Social security costs	83,311	78,611
Other pension costs	18,422	15,855
	<u>1,147,957</u>	<u>1,090,365</u>

The average number of persons employed by the Charity during the year was as follows:

	2017	2016
	No.	No.
Office and administration	34	32
Tutors	21	24
Students	14	12
	<u>69</u>	<u>68</u>

The number of higher paid employees was:

	2017	2016
	No.	No.
In the band £70,001 - £80,000	1	1

During the year, total employee benefits including pension and national insurance contributions of key management personnel totalled £79,743 (2016: £73,385).

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NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 August 2017

11. Intangible fixed assets

	Software £	Goodwill £	Total £
Cost			
At 1 September 2016	51,300	68,500	119,800
Additions	20,830	-	20,830
At 31 August 2017	<u>72,130</u>	<u>68,500</u>	<u>140,630</u>
Amortisation			
At 1 September 2016	-	47,950	47,950
Charge for the year	-	3,425	3,425
At 31 August 2017	<u>-</u>	<u>51,375</u>	<u>51,375</u>
Carrying amount			
At 31 August 2017	<u>72,130</u>	<u>17,125</u>	<u>89,255</u>
<i>At 31 August 2016</i>	<u>51,300</u>	<u>20,550</u>	<u>71,850</u>

Goodwill constitutes the difference between the acquisition cost of ALRA (Holdings) Limited and the aggregate fair values of the identifiable assets and liabilities thereof. The trade, assets, liabilities and undertakings of ALRA (Holdings) Limited were transferred to the charitable company on 1 September 2002.

Acquired goodwill is included at its purchase cost and amortised through the profit and loss account over its economic life in order to reflect depletion. The Trustees have estimated the economic life at 20 years and are amortising on a straight line basis.

Software is still in the process of development and is not yet in use. As a result, no amortisation charge is considered appropriate in this accounting period.

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NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 August 2017

12. Tangible fixed assets

	Property Improve- ments £	Fixtures, fittings and equipment £	Computer equipment £	Motor vehicles £	Library £	Total £
Cost						
At 1 September 2016	261,627	271,076	58,513	-	-	591,216
Additions	33,460	3,009	11,518	1,100	4,890	53,977
Disposals	-	(7,487)	-	-	-	(7,487)
At 31 August 2017	<u>295,087</u>	<u>266,598</u>	<u>70,031</u>	<u>1,100</u>	<u>4,890</u>	<u>637,706</u>
Depreciation						
At 1 September 2016	65,929	207,173	38,324	-	-	311,426
Charge for the year	21,024	21,547	12,472	77	86	55,206
On disposals	-	(6,922)	-	-	-	(6,922)
At 31 August 2017	<u>86,953</u>	<u>221,798</u>	<u>50,796</u>	<u>77</u>	<u>86</u>	<u>359,710</u>
Net book value						
At 31 August 2017	<u>208,134</u>	<u>44,800</u>	<u>19,235</u>	<u>1,023</u>	<u>4,804</u>	<u>277,996</u>
At 31 August 2016	<u>195,698</u>	<u>63,903</u>	<u>20,189</u>	-	-	<u>279,790</u>

13. Fixed asset investments

	Shares in group undertakings £
Market value	
At 1 September 2016 and 31 August 2017	<u>1</u>

Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Holding
ALRA Enterprises Limited	100%

The aggregate of the share capital and reserves as at 31 August 2017 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

Name	Aggregate of share capital and reserves £	Profit/(loss) £
ALRA Enterprises Limited	<u>1</u>	<u>-</u>

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NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 August 2017

13. Fixed asset investments (continued)

ALRA Enterprises Limited was dormant for the entire accounting period and as a result consolidated financial statements have not been prepared.

14. Stocks

	2017 £	2016 £
Finished goods and goods for resale	<u>22,823</u>	<u>503</u>

15. Debtors

	2017 £	2016 £
Due after more than one year		
Trade debtors	66,155	-
Due within one year		
Trade debtors	2,011,597	1,941,990
Other debtors	110,795	127,092
Prepayments and accrued income	101,432	77,303
	<u>2,289,979</u>	<u>2,146,385</u>

During June 2017, ALRA invoiced its students in advance in respect of the academic year 2017/18. These are reflected in trade debtors.

16. Creditors: Amounts falling due within one year

	2017 £	2016 £
Trade creditors	140,279	106,893
Other taxation and social security	23,264	20,711
Other creditors	319,436	317,578
Accruals and deferred income	2,706,837	2,486,811
	<u>3,189,816</u>	<u>2,931,993</u>

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NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 August 2017

16. Creditors: Amounts falling due within one year (continued)

	£
Deferred income	
Deferred income at 1 September 2016	2,476,611
Resources deferred during the year	2,695,137
Amounts released from previous years	(2,476,611)
	<u>2,695,137</u>
Deferred income at 31 August 2017	<u>2,695,137</u>

During June 2017, ALRA invoiced its students in advance in respect of the academic year 2017/18. These amounts are included within deferred income and released in the next financial period.

17. Creditors: Amounts falling due after more than one year

	2017 £	2016 £
Accruals and deferred income	<u>137,666</u>	<u>94,010</u>

18. Pension commitments

The Charity operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Charity in an independently administered fund. The pension cost charge represents contributions payable by the Charity to the fund and amounted to £18,422 (2016 - £15,855). Contributions totalling £3,087 (2016 - £878) were payable to the fund at the balance sheet date and are included in creditors.

19. Operating lease commitments

At 31 August 2017 the total of the Charity's future minimum lease payments under non-cancellable operating leases was:

	Land and buildings		2017 £	Other 2016 £
	2017 £	2016 £		
Amounts payable:				
Within 1 year	235,770	219,270	12,512	12,010
Between 1 and 5 years	1,209,613	1,112,663	44,953	-
After more than 5 years	1,953,187	2,275,907	9,906	-
Total	<u>3,398,570</u>	<u>3,607,840</u>	<u>67,371</u>	<u>12,010</u>

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NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 August 2017

20. Statement of funds

Statement of funds - current year

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Balance at 31 August 2017 £
Unrestricted funds					
General Funds	91,310	2,445,082	(2,512,875)	7,500	31,017
Restricted funds					
The Garfield Weston Foundation	-	7,500	-	(7,500)	-
Total of funds	91,310	2,452,582	(2,512,875)	-	31,017

Statement of funds - prior year

	Balance at 1 September 2015 £	Income £	Expenditure £	Transfers in/out £	Balance at 31 August 2016 £
Designated funds					
Designated funds	26,708	-	-	(26,708)	-
	26,708	-	-	(26,708)	-
Unrestricted funds					
General Funds	124,242	2,282,981	(2,381,739)	65,826	91,310
	124,242	2,282,981	(2,381,739)	65,826	91,310
Total Unrestricted funds	150,950	2,282,981	(2,381,739)	39,118	91,310
Restricted funds					
Restricted funds	39,118	-	-	(39,118)	-
	39,118	-	-	(39,118)	-
Total of funds	190,068	2,282,981	(2,381,739)	-	91,310

The designated funds in the prior year brought forward of £26,708 related to funds set aside by the Trustees to complete the work on the Wigan campus refurbishment in the prior year.

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NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 August 2017

20. Statement of funds (continued)

Restricted Funds:

The Foyle Foundation - towards refurbishment costs at Trencherfield Mill, Wigan

The Garfield Weston Foundation - towards refurbishment costs at Trencherfield Mill, Wigan

The designated and restricted funds in the current and prior year related to the Wigan refurbishment, which was completed in the prior year. The assets that were purchased with the restricted funds are not in themselves restricted and so Trustees have deemed it appropriate to make a transfer of the remaining designated and restricted funds to unrestricted funds.

21. Analysis of net assets between funds**Analysis of net assets between funds - current year**

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £
Intangible fixed assets	89,255	-	89,255
Tangible fixed assets	277,996	-	277,996
Fixed asset investments	1	-	1
Debtors due after more than 1 year	66,155	-	66,155
Current assets	2,925,092	-	2,925,092
Creditors due within one year	(3,189,816)	-	(3,189,816)
Creditors due in more than one year	(137,666)	-	(137,666)
	<u>31,017</u>	<u>-</u>	<u>31,017</u>

Analysis of net assets between funds - prior year

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £
Intangible fixed assets	71,850	-	71,850
Tangible fixed assets	279,790	-	279,790
Fixed asset investments	1	-	1
Current assets	2,765,672	-	2,765,672
Creditors due within one year	(2,931,993)	-	(2,931,993)
Creditors due in more than one year	(94,010)	-	(94,010)
	<u>91,310</u>	<u>-</u>	<u>91,310</u>

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NOTES TO THE FINANCIAL STATEMENTS
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22. Reconciliation of net movement in funds to net cash flow from operating activities

	2017 £	2016 £
Net expenditure for the year (as per Statement of Financial Activities)	(60,293)	(98,758)
Depreciation and amortisation charges		
Depreciation charges	58,631	56,935
Loss on the sale of fixed assets	565	3,506
Increase in stocks	(22,320)	-
Increase in debtors	(143,594)	(198,543)
Increase in creditors	301,479	225,600
Net cash provided by/(used in) operating activities	134,468	(11,260)

23. Analysis of cash and cash equivalents

	2017 £	2016 £
Cash in hand	678,445	618,784
Total	678,445	618,784

24. Related party transactions

Except as disclosed elsewhere in these financial statements, there were no transactions with related parties in either the current or prior years that require disclosure in the financial statements.