

Charity number: 289235
Company number: 01799707

DAVENANT CENTRE (THE)
(A company limited by guarantee)

Trustees' report and financial statements

for the year ended 31 March 2008

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DAVENANT CENTRE (THE)
(A company limited by guarantee)

Contents

	Page
Legal and administrative information	1 - 2
Trustees' report	3 - 4
Auditors' report to the trustees	5 - 6
Statement of financial activities	7
Balance sheet	8
Notes to the financial statements	9 - 16

DAVENANT CENTRE (THE)
(A company limited by guarantee)

Legal and administrative information

Charity number 289235

Company registration number 01799707

Business address 179 - 181 Whitechapel Road
London
E1 8DN

Registered office 90 St. Faiths Lane
Norwich
NR1 1NE

Trustees	Manuhar Ali	(resigned on 11.09.09)
	Mahmoud Adur Rauf	(resigned on 11.09.09)
	Emem Ekong	(resigned on 04.08.08)
	Shafiq Siddiqi	(resigned on 11.09.09)
	Jacqueline Ruth Odunoye	(appointed on 13.08.09)
	Christopher Holme	(appointed on 13.08.09)
	John Babadeinde Coker	(appointed on 14.08.09)

Secretary Christopher Holme

Management committee Jacqueline Ruth Odunoye
Christopher Holme
John Babadeinde Coker

Auditors Eric & Co
Chartered Certified Accountants &
Registered Auditors
87 Tylecroft Road
London
SW16 4BJ

Accountants Mohsin & Co
Chartered Certified Accountants
24 Osborn Street
London
E1 6TD

DAVENANT CENTRE (THE)
(A company limited by guarantee)

Legal and administrative information

Bankers

CafCash Limited
Kings Hill
West Malling
Kent
ME19 4TA

HSBC
75 Whitechapel Road
London
E1 1DU

Solicitors

Shoosmiths Solicitors
The Lakes
Bedford Road
Northampton
NN4 7SH

DAVENANT CENTRE (THE)
(A company limited by guarantee)

Report of the trustees (incorporating the directors' report)
for the year ended 31 March 2008

The trustees present their report and the financial statements for the year ended 31 March 2008. The trustees, who are also directors for the purposes of company law and who served during the year and up to the date of this report are set out on page 1.

Structure, governance and management

The company is registered as a charitable company limited by guarantee as set up in the Memorandum of Association on 13 March 1984. The management of the company is the responsibility of the Trustees who are elected and co-opted under the terms of the Articles of Association. The committee is made up of the Trustees of the Davenant Centre. The day to day administration of the Trust is carried out by the Operating Trustee.

Objectives and activities

The company's principal activity during the year continued to be that of working towards the provision of two community centres for the educational and social benefits of the inhabitants of the London Borough of Tower Hamlets. It is currently working towards creating a Youth Centre of Excellence.

The refurbishment of the oldest part of the property's structure ran into construction delays and significant cost overruns compelling the company to borrow £863,000 from National Westminster Bank Plc. The loan was secured against the whole property. Also disagreements escalated in 2007 to litigation between members of the board because of the uncertainty over who are entitled to be members of the company and its management committee. This in turn led to a deterioration in the trust between the officers of the company and as a result stakeholders became concerned about their positions. The costs of this litigation soon mounted and the company was unable to pay the solicitors and other liabilities. Eventually, towards the end of 2008 the solicitors acting for both sides served statutory demands on the company. The board met in June 2009 and resolved to appoint Andrew McTear and Chris Williams as Joint Administrators. The company came out of administration on 15 September 2009 and a business plan produced by a firm of management consultants was implemented.

Risk management

The Trustees have assessed the major risks to which the charity is exposed, in particular to those relating to the operations and finances of the Trust. The Trustees are satisfied that systems are in place to mitigate their exposure to the major risks.

Statement as to disclosure of information to auditors

In so far as the trustees are aware:

- there is no relevant audit information of which the charity'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.

DAVENANT CENTRE (THE)
(A company limited by guarantee)

Report of the trustees (incorporating the directors' report)
for the year ended 31 March 2008

Statement of trustees' responsibilities

The trustees are responsible for preparing the annual report and the financial statements in accordance with applicable law and 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 charity and of the surplus or deficit of the charity for that period. In preparing these financial statements, the trustees are required to:

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

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and which enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

Eric & Co were appointed auditors to the charity and a resolution proposing their reappointment will be put to the Annual General Meeting.

Small company provisions

This report has been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

On behalf of the board of Trustees



.....
Christopher Holme
Secretary

Dated: 4/4/09

DAVENANT CENTRE (THE)
(A company limited by guarantee)

Independent auditor's report to the members of DAVENANT CENTRE (THE)

We have audited the financial statements of DAVENANT CENTRE (THE) for the year ended 31 March 2008 which comprise the statement of financial activities, the balance sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein and the requirements of the Financial Reporting Standard for Smaller Entities.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the trustees and auditors

The trustees' (who are also directors for the purposes of company law) responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of trustees' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985, and whether the information given in the trustees' report is consistent with the financial statements. We also report to you if, in our opinion, the charitable company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding trustees' remuneration and other transactions is not disclosed.

We read other information contained in the annual report, and consider whether it is consistent with the audited financial statements. This other information comprises only the trustees' report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charitable company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

DAVENANT CENTRE (THE)
(A company limited by guarantee)

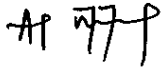
Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, of the state of the charitable company's affairs as at 31 March 2008 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended and have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the trustees' report is consistent with the financial statements.

Emphasis of matter - Going concern

In forming our opinion, we have considered the adequacy of the disclosures made in note 1.6 to the financial statements concerning the company's ability to continue as a going concern which we consider should be brought to your attention, but our opinion is not qualified in this respect.



Eric & Co
Chartered Certified Accountants &
Registered Auditors
87 Tylecroft Road
London
SW16 4BJ

Dated: 09 NOVEMBER 2009

DAVENANT CENTRE (THE)
(A company limited by guarantee)

Statement of financial activities (incorporating the income and expenditure account)

For the year ended 31 March 2008

	Notes	Unrestricted funds £	Restricted funds £	2008 Total £	2007 Total £
Incoming resources					
Incoming resources from generating funds:					
Voluntary income	2	31,940	599,842	631,782	740,501
Investment income	3	25,736	-	25,736	23,746
Total incoming resources		<u>57,676</u>	<u>599,842</u>	<u>657,518</u>	<u>764,247</u>
Resources expended					
Charitable activities	4	31,500	427,714	459,214	593,062
Governance costs	5	78,416	121,096	199,512	146,597
Total resources expended		<u>109,916</u>	<u>548,810</u>	<u>658,726</u>	<u>739,659</u>
Net incoming/(outgoing) resources for the year /					
Net income/(expenditure) for the year		(52,240)	51,032	(1,208)	24,588
Total funds brought forward		<u>95,431</u>	<u>1,874,979</u>	<u>1,970,410</u>	<u>1,945,822</u>
Total funds carried forward		<u>43,191</u>	<u>1,926,011</u>	<u>1,969,202</u>	<u>1,970,410</u>

The notes on pages 9 to 16 form an integral part of these financial statements.

DAVENANT CENTRE (THE)
(A company limited by guarantee)

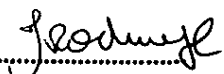
Balance sheet
as at 31 March 2008

	Notes	2008 £	2007 £
Fixed assets			
Tangible assets	10	2,812,450	2,699,795
Current assets			
Debtors	11	229,937	286,620
Cash at bank and in hand		15,216	344,330
		<u>245,153</u>	<u>630,950</u>
Creditors: amounts falling due within one year	12	<u>(213,726)</u>	<u>(1,360,335)</u>
Net current assets/(liabilities)		<u>31,427</u>	<u>(729,385)</u>
Total assets less current liabilities		<u>2,843,877</u>	<u>1,970,410</u>
Creditors: amounts falling due after more than one year	13	<u>(874,675)</u>	<u>-</u>
Net assets		<u><u>1,969,202</u></u>	<u><u>1,970,410</u></u>
Funds	14		
Restricted income funds		1,926,011	1,874,979
Unrestricted income funds		43,191	95,431
Total funds		<u><u>1,969,202</u></u>	<u><u>1,970,410</u></u>

The financial statements are prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2007).

The financial statements were approved by the board on 04/11/09 and signed on its behalf by


.....
Christopher Holme
Director


.....
Jacqueline Ruth Odunoye
Director

The notes on pages 9 to 16 form an integral part of these financial statements.

DAVENANT CENTRE (THE)
(A company limited by guarantee)

Notes to financial statements
for the year ended 31 March 2008

1. Accounting policies

The principal accounting policies are summarised below. The accounting policies have been applied consistently throughout the year and the preceding year.

1.1. Basis of accounting

The financial statements are prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2007), the Statement of Recommended Practice 'Accounting and Reporting by Charities' issued in March 2005 (SORP 2005) and the Companies Act 1985.

The charity has taken advantage of the exemption in FRS1 from the requirement to produce a cashflow statement because it is a small charity.

1.2. Funds

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the activities of the charity and 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 which have been raised by the charity for particular purposes. The cost of raising and administering such fund are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

1.3. Incoming resources

All incoming resources, including capital grants are included in the statement of financial activities when the charity is entitled to the income and the amount can be quantified with reasonable accuracy, except as follows:

- when donors specify that incoming resources given to the charity must be used in future accounting periods, the income is deferred until those periods.
- when donors impose conditions which have to be fulfilled before the charity becomes entitled to use such income, the income is deferred and not included in incoming resources until the pre-conditions for use have been met.

Income from investments is included in the year in which it is receivable.

1.4. Resources expended

Expenditure is recognised on an accrual basis as a liability is incurred and has been included under expense categories that aggregate all costs for allocation to activities.

Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them. Support costs, which cannot be directly attributed to particular activities have been apportioned proportionately to the direct staff costs allocated to the activities.

DAVENANT CENTRE (THE)
(A company limited by guarantee)

Notes to financial statements
for the year ended 31 March 2008

1.5. Tangible fixed assets and depreciation

All assets costing more than £500 are capitalised.

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows:

Land and buildings	-	Straight line over 50 years
Fixtures, fittings and equipment	-	25% reducing balance

1.6. Going concern

The Trustees have stated that as the company has no endowed funds, the level of activities in the subsequent financial years would depend entirely on its ability to secure grants income and generate rental income. In March 2009, a firm of management consultants undertook a financial review and produced a business plan for the future trading of the company. The company came out of administration on 15 September 2009 and the business plan was implemented. In addition, London Borough of Tower Hamlets ("LBTH") would loan £200,000 to re-finance the company. On the basis of this information, the Trustees consider that the company would be able to meet its liabilities as they fall due for a period of not less than 12 months from the date these financial statements are approved. Accordingly, the Trustees continue to adopt the going concern basis of accounting.

2. Voluntary income

	Unrestricted funds £	Restricted funds £	2008 Total £	2007 Total £
GOL - 007 project	-	10,830	10,830	21,251
GOL - 400 project	-	41,803	41,803	2,660
ALG - Train to work	-	270,647	270,647	247,344
Mainstream grant	-	-	-	8,600
Community leader	31,500	-	31,500	31,500
LBTH (Youth projects)	-	-	-	6,182
Lap 3 capacity building	-	20,710	20,710	28,112
Network action planner	-	-	-	31,990
THCEN	-	255,852	255,852	362,812
Sundry income	440	-	440	50
	<u>31,940</u>	<u>599,842</u>	<u>631,782</u>	<u>740,501</u>

The charity received grant-aid of £270,647 from the Association of London Government towards the Train to Work project. £198,470 was spent on staff costs, £6,500 was spent on beneficiary and £65,677 was spent on other support activities.

DAVENANT CENTRE (THE)
(A company limited by guarantee)

Notes to financial statements
for the year ended 31 March 2008

3. Investment income

	Unrestricted funds £	2008 Total £	2007 Total £
Rental income	14,799	14,799	12,000
Bank interest receivable	10,937	10,937	11,746
	<u>25,736</u>	<u>25,736</u>	<u>23,746</u>

4. Costs of charitable activities

	Unrestricted funds £	Restricted funds £	2008 Total £	2007 Total £
Direct charitable expenditure	31,500	6,180	37,680	230,810
Employee costs	-	421,534	421,534	362,252
	<u>31,500</u>	<u>427,714</u>	<u>459,214</u>	<u>593,062</u>

5. Governance costs

	Unrestricted funds £	Restricted funds £	2008 Total £	2007 Total £
Rent & rates	157	-	157	17,601
Light & heat	1,436	2,580	4,016	1,801
Repairs & maintenance	950	3,800	4,750	7,569
Insurance	2,494	9,978	12,472	12,860
Publicity & marketing	-	320	320	3,405
Transport & travel expenses	-	437	437	951
Accountancy fees	2,600	7,025	9,625	2,185
Auditor remuneration	3,000	-	3,000	3,815
Legal & professional fees	13,995	1,150	15,145	2,464
Consultancy fees	-	57,866	57,866	36,719
Printing, postage & stationery	1,087	11,401	12,488	8,124
Telephone	2,175	8,702	10,877	4,638
Sundry expenses	1,833	1,330	3,163	1,027
Bank charges	13,897	-	13,897	985
Bank loan interest	24,921	-	24,921	14,941
Interest on overdue tax	707	-	707	-
Irrecoverable VAT	5,037	-	5,037	-
Depreciation of tangible assets	4,127	16,507	20,634	27,512
	<u>78,416</u>	<u>121,096</u>	<u>199,512</u>	<u>146,597</u>

DAVENANT CENTRE (THE)
(A company limited by guarantee)

Notes to financial statements
for the year ended 31 March 2008

6. Net (outgoing)/incoming resources for the year

	2008	2007
	£	£
Net (outgoing)/incoming resources is stated after charging:		
Depreciation and other amounts written off tangible fixed assets	20,634	27,512
Auditors' remuneration	3,000	3,815
	<u>23,634</u>	<u>31,327</u>

7. Staff number and costs

Staff costs	2008	2007
	£	£
Wages and salaries	212,789	145,513
Social security costs	22,445	14,551
Pension costs	-	1,436
	<u>235,234</u>	<u>161,500</u>

No employees received emoluments of more than £60,000 (2007 : None).

Number of staff

The average monthly numbers of employees during the year, calculated on the basis of full time equivalents, was as follows:

	2008	2007
	Number	Number
Others	<u>8</u>	<u>8</u>

8. Trustees

None of the Trustees received any remuneration during the year. Some Trustees, or organisations they represent, use the Centre's facilities. These were charged on normal terms.

9. Taxation

The charity's activities fall within the exemptions afforded by the provisions of the Income and Corporation Taxes Act 1988. Accordingly, there is no taxation charge in these accounts.

DAVENANT CENTRE (THE)
(A company limited by guarantee)

Notes to financial statements
for the year ended 31 March 2008

10. Tangible fixed assets	Land and buildings freehold £	Fixtures, fittings and equipment £	Total £
Cost			
At 1 April 2007	4,354,221	150,561	4,504,782
Additions	133,289	-	133,289
On disposals	-	(30,112)	(30,112)
At 31 March 2008	<u>4,487,510</u>	<u>120,449</u>	<u>4,607,959</u>
Depreciation			
At 1 April 2007	1,736,960	68,027	1,804,987
Charge for the year	-	20,634	20,634
On disposals	-	(30,112)	(30,112)
At 31 March 2008	<u>1,736,960</u>	<u>58,549</u>	<u>1,795,509</u>
Net book values			
At 31 March 2008	<u>2,750,550</u>	<u>61,900</u>	<u>2,812,450</u>
At 31 March 2007	<u>2,617,261</u>	<u>82,534</u>	<u>2,699,795</u>

Included in land and building is freehold land that cost £27,000 which is not being depreciated.

In 2001 - 2002, the company commenced preparation work for major building works. It was completed after the year end. It has been decided that the building would be depreciated over 50 years starting from the next financial year.

11. Debtors	2008 £	2007 £
Trade debtors	33,999	43,685
Other debtors	195,938	242,935
	<u>229,937</u>	<u>286,620</u>

DAVENANT CENTRE (THE)
(A company limited by guarantee)

Notes to financial statements
for the year ended 31 March 2008

12. Creditors: amounts falling due within one year

	2008	2007
	£	£
Bank loan	-	245,377
Trade creditors	152,819	984,496
Other taxes and social security	41,731	25,653
Other creditors	7,193	10,554
Accruals and deferred income	11,983	94,255
	<u>213,726</u>	<u>1,360,335</u>

13. Creditors: amounts falling due after more than one year

	2008	2007
	£	£
Secured bank loan	<u>874,675</u>	<u>-</u>

14. Analysis of net assets between funds

	Unrestricted funds	Restricted funds	Total funds
	£	£	£
Fund balances at 31 March 2008 as represented by:			
Tangible fixed assets	886,439	1,926,011	2,812,450
Current assets	245,153	-	245,153
Current liabilities	(213,726)	-	(213,726)
Long-term liabilities	(874,675)	-	(874,675)
	<u>43,191</u>	<u>1,926,011</u>	<u>1,969,202</u>

DAVENANT CENTRE (THE)
(A company limited by guarantee)

Notes to financial statements
for the year ended 31 March 2008

15. Unrestricted funds

	At 2007 £	Incoming resources £	Outgoing resources £	Transfers £	At 2008 £
Designated funds	824,816	-	-	61,623	886,439
General funds	(729,385)	57,676	(109,916)	(61,623)	(843,248)
	<u>95,431</u>	<u>57,676</u>	<u>(109,916)</u>	<u>-</u>	<u>43,191</u>

The designated funds is fixed assets reserve which represents the net book value of unrestricted tangible fixed assets. Each year an amount will be transferred to or from the fund representing the movement in net book value of unrestricted tangible fixed assets in the year.

16. Restricted funds

	At 2007 £	Incoming resources £	Outgoing resources £	At 2008 £
Restricted fund	<u>1,874,979</u>	<u>599,842</u>	<u>(548,810)</u>	<u>1,926,011</u>

The restricted funds is the fixed assets funds which represents the net book value of fixed assets purchased from restricted grants with a continuing restriction as to use.

17. Contingent liabilities

The land and building were paid for by use of grant aid exceeding £1.6 million. The initial and by far most substantial grants were from Greater London Council (GLC). A condition of the grant-aid was that GLC and successors in title have a mortgage charge secured on the property to the extent of the grant-aid (£1,093,470). This charge is for thirty years from 6 June 1984. It is estimated that the amount of the charge would now be in the region of £320,000. In addition, there are covenants and regulations restricting the use of the property. The mortgage is a charge, contingent on any breaches of the conditions of grant-aid and would not normally be payable.

18. Related party transactions

During the year the Trust received £274,019 (2007: £Nil) from Tower Hamlets Community Empowerment Network (company limited by guarantee), a company in which Mahmoud Adur Rauf is a director and made payments of £274,019 (2007: £Nil) for expenditure.

DAVENANT CENTRE (THE)
(A company limited by guarantee)

Notes to financial statements
for the year ended 31 March 2008

19. Company limited by guarantee

DAVENANT CENTRE (THE) is a company limited by guarantee and accordingly does not have a share capital.

Every member of the company undertakes to contribute such amount as may be required not exceeding £1 to the assets of the charitable company in the event of its being wound up while he or she is a member, or within one year after he or she ceases to be a member.