

REGISTERED COMPANY NUMBER: 01799707 (England and Wales)
REGISTERED CHARITY NUMBER: 289235

REPORT OF THE TRUSTEES AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023
FOR
DAVENANT CENTRE(THE)

DAVENANT CENTRE(THE)
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FOR THE YEAR ENDED 31 MARCH 2023

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REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2023

The trustees who are also directors of the charity for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the year ended 31 March 2023. 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 2019).

OBJECTIVES AND ACTIVITIES

Objectives and aims

The charity's principal activity during the year continued to be that of the provision of two community centres for the educational and social benefits of the inhabitants of the London Borough of Tower Hamlets.

The two Community Centres location and the charities occupying them during the year are:-

a) 179-181 Whitechapel Road, London, E1 1DN

The property was vacant throughout the period. Contract for sale was exchanged on 6th March 2023 and completion took place on 11th April 2023.

b) 183-185 Whitechapel Road, London, E1 1DN

i) The Rainbow Centre, a registered charity providing children's playgroup services.

ii) CGL, a registered charity providing a range of treatment services for drug and alcohol related misuse.

The trustees consider that The Davenant Centre charity is achieving its objectives through the above charities, who occupy the properties owned by the charity.

The trustees confirm that they have given due consideration to the Charity Commission's published guidance on Public Benefit requirement under the Charities Act 2011.

STRATEGIC REPORT

Financial review

Principal funding sources

The Davenant Centre's main source of funding during the period was from rental income derived from the letting of its two properties to other charities. The rental income for the year has gone down in the year due to the property at 179-181 Whitechapel Road, being vacant throughout the period

Reserves policy

The total Unrestricted funds at 31st March 2023 amounted to £347,819 (2022 £432,462). These funds represent surplus/deficit on the day to day activities of the charity.

The total Restricted funds at 31st March 2023 amounted to £5,365,820 (2022 £5,393,315). The restricted funds represent the net book value of the freehold land and buildings and funds due from the sale of building at 179-181 Whitechapel Road, less the related loans.

The property revaluation reserve included within the total Restricted funds at 31st March 2023 amounted to £841,071 (2022 £1,619,607). These funds can only be used for any accounting adjustments in the fair value of the Freehold properties.

The Restricted funds cannot be used for the day to day activities of the charity

Going concern

The trustees have considered the going concern position of the company and are satisfied that the company has sufficient reserves to continue to operate for the immediate future with the help of the London Borough of Tower Hamlets

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2023**

STRATEGIC REPORT

Financial review

Summary of activities for the year

The total income receivable by the Charity in the year amounted to £108,218 (2022 £183,320). The total expenditure for the year amounted to £218,913 (2022 £82,557). The deficit for the year amounted to £110,695 (2022 Net Income £100,763). The deficit mainly resulted from the increased light and heat costs in the year as well as a notional loss on the sale of the building.

The Charity's overall debt increased by £17,095 to £623,780 at the year end. The increase in debt results from the interest payable on London Borough of Tower Hamlets facilities. These facilities were fully repaid on 11th April 2023.

Principal risks and uncertainties

The Davenant Centre is dependent on rental income from the two Community Centres which are let out to other Charities. The economic climate for the past few years has been difficult for Charities generally who survive on donations from the public or grants from other public bodies. If the Tenants are unable to pay the rent on time or go into administration or liquidation, The Davenant Centre in turn is unable to make payments for its Loan commitments and repairs to its buildings as and when they arise. In addition, since March 2020, Covid-19 has affected many charities financially and consequently their continued operation.

The two community centre buildings are over 100 years old and may from time to time require major repairs and refurbishments and the trustees consider that the funds held at the bank are required to meet these commitments.

Revaluation of freehold property

The two properties were professionally valued by Dobbin & Sullivan, Chartered Surveyors during September 2019 at an open market value of £6,000,000. On the sale of one of the building, the remaining property value amounts to £2,550,000. The trustees are of the opinion that this amount represents a fair value at the Balance Sheet date.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

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 Board of directors is made up of the the trustees of the Davenant Centre.

Recruitment and appointment of new trustees

The Board of trustees will ensure that any new appointments will have an appropriate mix of business skills.

Organisational structure

The trustees are responsible for the overall management of the charity. The consultant, who was appointed during the corporate restructuring in July 2009, resigned his position during the year and the trustees have continued to manage the two properties owned by the charity. The trustees have appointed a firm of chartered surveyors to manage the properties and provide administrative and financial services from January 2023. The trustees meet regularly to review the activities and financial performance. They also meet on informal basis as the need arises. The charity has no employees.

Induction and training of new trustees

New trustees are made aware of their responsibilities. This includes an introduction to the objectives, scope and policies of the charity.

Related parties

The London Borough of Tower Hamlets has provided financial support through an overdraft facility to the charity. This facility amounted to £623,780 at 31st March 2023 (2022 £606,685). Interest is payable and the facility is secured by a second charge over the charity's properties. These facilities were repaid on 11th April 2023.

REFERENCE AND ADMINISTRATIVE DETAILS

Registered Company number

01799707 (England and Wales)

Registered Charity number

289235

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2023

Registered office

114-116 Goodmayes Road
Ilford
Essex
IG3 9UZ

Trustees

J A Pulford MBE
G K Collins

Company Secretary

Senior Statutory Auditor

Rameshchandra Arjan

Auditors

Ashfords Partnership LLP
114-116 Goodmayes Road
Ilford
Essex
IG3 9UZ

Bankers

National Westminster Bank PLC
Mile End Branch
Albion Yard
331/335 Whitechapel Road
London
E1 1AU

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2023**

BACKGROUND INFORMATION OF THE CHARITY

The Davenant Centre is a former GLC- owned building that was transferred by Grant Aid, along with the neighbouring Jagonori Centre to the trustees of the Centre in 1984 by the formation of a Company Limited by guarantee. The two properties are located at 179-181 and 183-185 Whitechapel Road, London E1. The property at 179-181 Whitechapel Road was sold on 6th March 2023.

In 2004, The Charity embarked on a major capital project to transform the 179-181 building (a former Victorian school) into a modern education and youth centre with the help of funding secured from a number of sources including loan facilities from NatWest Bank.

However by 2005 the project was suffering from severe funding shortage resulting from cost overruns as a consequence of a number of factors including the discovery of ancient burial remains and increases in building material costs.

During 2006, The Davenant Centre encountered significant internal management problems, culminating in lengthy litigation proceedings between a number of former trustee and the management committee (new trustees) resulting in payment delays to the builders, additional legal costs and interest payments on contractual liabilities.

A court order was subsequently approved in February 2007 setting out various conditions including the creation of a steering committee consisting of no more than 4 people to carry out the function of the management committee to deal with all matters arising from and relating to the financial affairs and day to day business of the Centre.

During 2007 and 2008, The Davenant Centre had serious financial problems resulting from delays in completion of the Centre and the consequent loss of revenue from rental income of the Centre. This led to the Centre defaulting on Loan repayments to the Bank and the renegotiation of the facilities.

In the early part of 2009, London Borough of Tower Hamlets considered that there would be a very high risk that a high profile community asset which has benefited from significant public investment, would be lost and advanced further funding facilities in subordination to the NatWest Loan facilities, subject to a number of conditions.

As part of the financial restructuring, the Davenant Centre was taken into administration in July 2009. The NatWest Bank loan terms were further renegotiated and the London Borough of Tower Hamlets advanced additional funding facilities to the Centre. Two senior officers of the London Borough of Tower Hamlets were appointed to the Board of trustees to ensure correct governance of the organisation. As trustees, they were required to take a disinterested view in the affairs of The Davenant Centre independently from their responsibilities as Council officers.

From this point, the Davenant Centre embarked upon a business recovery process aimed at ensuring that the Centre was able to pay all outgoings from its income and that the two buildings in its portfolio remain available for community use. The trustees have also ensured that the Charity's debt repayments are met on time and have focused on reducing the total debt of the charity.

As part of this recovery process, in a bid to reduce the outgoings, the trustees decided to change its business model from letting of serviced offices at the Centre to a grant of leases to single occupiers for each of the two properties. The two buildings were let out to two separate charities whose aims and objectives correlated to those of the Davenant Centre.

During the financial year 2016-17, The Davenant Centre's priority has been to attract alternative income generating uses for 183-185 Whitechapel Road, following the insolvency and subsequent closure of former tenant, Jagonari Women's Education Resource Centre (JWERC) at the end of August 2015.

At the beginning of September 2015, The Davenant Centre granted a lease for the occupation of the rear nursery premises and ground floor offices to Rainbow House, a provider of important local childcare services. Efforts continued to bring the remainder of 183-185 Whitechapel Road, comprising the first, second and third floors, into revenue earning use. This included viewings by a number of community organisations and a feasibility study undertaken in conjunction with the London Borough of Tower Hamlets for converting the space for use as an enterprise workspace centre. This would have been dependent on grant funding from the Council's Whitechapel Regeneration team. The proposed grant was not subsequently forthcoming and the search for alternative tenants continued.

In November 2016, The Davenant Centre entered into a lease agreement with Lifeline, a charity which had been awarded a drugs recovery contract by the London Borough of Tower Hamlets, to occupy the three upper floors of 183-185 Whitechapel Road. Because the building had been left in a somewhat rundown condition by JWERC, an extensive amount of landlord's works were necessary to bring the building back into viable use.

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2023**

The Davenant Centre received notification on 2nd June 2017 that Lifeline had been placed into receivership and of the appointment of an administrator for Lifeline, to whom a claim for the unpaid funds was submitted. Subsequently the London Borough of Tower Hamlets appointed CGL, a large national charity delivering similar drug recovery services to Lifeline, to take over the project. Under this arrangement, CGL decided to continue delivery of the drugs recovery services from The Davenant Centre's building at 183-185 Whitechapel Road. CGL has since been occupying the premises under a license agreed with the receivers of Lifeline, who have continued to pay the full monthly rent specified in Lifeline's lease, to end of June 2018. From July 2018, CGL have occupied the premises on a license. By mutual agreement, the Bangladeshi Drugs Project who occupied 179-181 Whitechapel Road, terminated their lease in March 2018, due to their financial inability to pay the rent and the premises were let to YMCA George Williams College, initially on a license from 1st May 2018 and a 5 year lease from 1st August 2018. The lease was relinquished at its mid point on 31 July 2021. The Davenant Centre has therefore been able to continue to maintain its liquidity over this period and had £445,946 at the Bank at the year end (2021 £364,294). The company's cash position has continued to be closely and regularly monitored and a number of options for increasing revenues and building reserves are under consideration.

The company holds regular discussions with the London Borough of Tower Hamlets in relation to the outstanding debt owed to them of £623,780 at the year end. This debt was fully repaid on 11th April 2023.

The building at 179-181 Whitechapel Road, was sold for £3,450,000 on 6th March 2023 with completion taking place on 11th April 2023. The trustees reached the decision to sell this building after considering various issues with finding appropriate tenants and the time taken to manage the buildings as well as the continued investment required to maintain the buildings which are over 100 years old.

From 1st January 2023, the trustees have appointed Dobbin and Sullivan, Chartered Surveyors as the property manager to fully manage the property at 183-185 Whitechapel Road.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees (who are also the directors of Davenant Centre(THE) 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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the trustees are aware, there is no relevant information (as defined by Section 418 of the Companies Act 2006) of which the charitable company's auditors are unaware, and each trustee has taken all the steps that they ought to have taken as a trustee in order to make them aware of any audit information and to establish that the charitable company's auditors are aware of that information.

AUDITORS

The auditors, Ashfords Partnership LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

Report of the trustees, incorporating a strategic report, approved by order of the board of trustees, as the company directors, on 30 January 2024 and signed on the board's behalf by:

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2023**

J A Pulford MBE - Trustee

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
DAVENANT CENTRE(THE)

Opinion

We have audited the financial statements of Davenant Centre(THE) (the 'charitable company') for the year ended 31 March 2023 which comprise the Statement of Financial Activities, the Balance Sheet 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 (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 March 2023 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 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 charitable company 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

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

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, except to the extent otherwise explicitly stated in our report, 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 this gives rise to a material misstatement in the financial statements themselves. 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.

Opinions 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.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
DAVENANT CENTRE(THE)

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the 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 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.

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 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.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
DAVENANT CENTRE (THE)

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.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

The engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations; we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience of the consultancy services sector; we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the Companies Act 2006, taxation legislation and data protection, anti-bribery, employment, and health and safety legislation; we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were reasonable
- were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to: agreeing financial statement disclosures to underlying supporting documentation; reading the minutes of meetings of those charged with governance; enquiring of management as to actual and potential litigation and claims; and reviewing correspondence with HMRC, relevant regulators and the company's legal advisors.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

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.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
DAVENANT CENTRE (THE)

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.

Rameshchandra Arjan (Senior Statutory Auditor)
for and on behalf of Ashfords Partnership LLP
114-116 Goodmayes Road
Ilford
Essex
IG3 9UZ

30 January 2024

DAVENANT CENTRE(THE)
STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 MARCH 2023

	Notes	Unrestricted funds £	Restricted funds £	31.3.23 Total funds £	31.3.22 Total funds £
INCOME AND ENDOWMENTS FROM					
Investment income	2	103,559	-	103,559	153,777
Other income		4,659	-	4,659	29,543
Total		<u>108,218</u>	<u>-</u>	<u>108,218</u>	<u>183,320</u>
EXPENDITURE ON					
Raising funds	3	152,344	17,095	169,439	82,557
Other		-	49,474	49,474	-
Total		<u>152,344</u>	<u>66,569</u>	<u>218,913</u>	<u>82,557</u>
NET INCOME/(EXPENDITURE)		(44,126)	(66,569)	(110,695)	100,763
Transfers between funds	13	<u>(39,074)</u>	<u>39,074</u>	<u>-</u>	<u>-</u>
Net movement in funds		(83,200)	(27,495)	(110,695)	100,763
RECONCILIATION OF FUNDS					
Total funds brought forward		431,019	5,393,315	5,824,334	5,725,014
TOTAL FUNDS CARRIED FORWARD		<u>347,819</u>	<u>5,365,820</u>	<u>5,713,639</u>	<u>5,825,777</u>

The notes form part of these financial statements

DAVENANT CENTRE(THE) (REGISTERED NUMBER: 01799707)

BALANCE SHEET
31 MARCH 2023

	Notes	Unrestricted funds £	Restricted funds £	31.3.23 Total funds £	31.3.22 Total funds £
FIXED ASSETS					
Investment property	8	-	2,550,000	2,550,000	6,000,000
CURRENT ASSETS					
Debtors	9	48,403	3,439,600	3,488,003	15,555
Cash at bank		<u>442,745</u>	<u>-</u>	<u>442,745</u>	<u>445,946</u>
		491,148	3,439,600	3,930,748	461,501
CREDITORS					
Amounts falling due within one year	10	(143,329)	(623,780)	(767,109)	(635,724)
NET CURRENT ASSETS		<u>347,819</u>	<u>2,815,820</u>	<u>3,163,639</u>	<u>(174,223)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		347,819	5,365,820	5,713,639	5,825,777
NET ASSETS		<u>347,819</u>	<u>5,365,820</u>	<u>5,713,639</u>	<u>5,825,777</u>
FUNDS	13				
Unrestricted funds				347,819	432,462
Restricted funds				<u>5,365,820</u>	<u>5,393,315</u>
TOTAL FUNDS				<u>5,713,639</u>	<u>5,825,777</u>

These financial statements have been prepared in accordance with the provisions applicable to charitable companies subject to the small companies regime.

The financial statements were approved by the Board of Trustees and authorised for issue on 30 January 2024 and were signed on its behalf by:

J A Pulford MBE - Trustee

DAVENANT CENTRE(THE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

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 2019)', 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, as modified by the revaluation of certain assets.

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.

Investment property

Investment property is shown at most recent valuation. Any aggregate surplus or deficit arising from changes in fair value is recognised in the Statement of Financial Activities.

The Trustees consider that no Depreciation provision is required on the Investment properties.

Taxation

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

Fund accounting

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

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.

2. INVESTMENT INCOME

	31.3.23	31.3.22
	£	£
Rents receivable	<u>103,559</u>	<u>153,777</u>

DAVENANT CENTRE(THE)

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2023

3. RAISING FUNDS

Investment management costs

	31.3.23	31.3.22
	£	£
Insurance	11,429	12,375
Sundries	290	240
Management fees	1,452	7,766
Property repairs	14,843	15,030
Bank Charges	100	122
Light & heat	101,776	23,440
Cleaning	3,270	1,512
Water rates	8,077	4,252
Irrecoverable VAT	19	3,857
Postage and stationary	55	25
Computer expenses	384	384
Interest - LBTH overdraft	17,095	6,173
Accountancy fees	3,950	3,100
Auditors' remuneration	4,600	2,700
Legal & professional fees	1,533	1,581
Finance charges	566	-
	<u>169,439</u>	<u>82,557</u>

4. NET INCOME/(EXPENDITURE)

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

	31.3.23	31.3.22
	£	£
Deficit on disposal of fixed assets	<u>49,474</u>	<u>-</u>

5. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 31 March 2023 nor for the year ended 31 March 2022.

Trustees' expenses

There were no trustees' expenses paid for the year ended 31 March 2023 nor for the year ended 31 March 2022.

6. STAFF COSTS

The charity had no employees during the year and has had none for a number of years.

DAVENANT CENTRE(THE)**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2023****7. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES**

	Unrestricted funds £	Restricted funds £	Total funds £
INCOME AND ENDOWMENTS FROM			
Investment income	153,777	-	153,777
Other income	29,543	-	29,543
Total	<u>183,320</u>	<u>-</u>	<u>183,320</u>
EXPENDITURE ON			
Raising funds	76,384	6,173	82,557
NET INCOME/(EXPENDITURE)	106,936	(6,173)	100,763
RECONCILIATION OF FUNDS			
Total funds brought forward	325,526	5,399,488	5,725,014
TOTAL FUNDS CARRIED FORWARD	<u>432,462</u>	<u>5,393,315</u>	<u>5,825,777</u>

8. INVESTMENT PROPERTY**FAIR VALUE**

At 1 April 2022	£
At 1 April 2022	6,000,000
Disposals	(3,450,000)
At 31 March 2023	<u>2,550,000</u>
NET BOOK VALUE	
At 31 March 2023	<u>2,550,000</u>
At 31 March 2022	<u>6,000,000</u>

The two properties at 179-181 and 183-185 Whitechapel Road, London, E1 1DN were revalued by Dobbin & Sullivan, Chartered Surveyors during September 2019 at £6,000,000. The Trustees are of the opinion that the value of the remaining building at 183-185 Whitechapel Road, represents a fair value at the Balance Sheet date.

9. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.3.23 £	31.3.22 £
Amount due from tenants	9,730	7,727
Amount held by managing agents	12,680	-
Due from Solicitors	3,439,600	-
VAT	11,371	-
Prepayments	14,622	7,828
	<u>3,488,003</u>	<u>15,555</u>

DAVENANT CENTRE(THE)**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2023****10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	31.3.23	31.3.22
	£	£
Other loans (see note 11)	623,780	606,685
VAT	-	8
Rent deposit	3,027	3,861
Accruals	120,736	19,549
Rent/Service charge received in advance	19,566	5,621
	<u>767,109</u>	<u>635,724</u>

11. LOANS

An analysis of the maturity of loans is given below:

	31.3.23	31.3.22
	£	£
Amounts falling due within one year on demand:		
LBTH loan facility	<u>623,780</u>	<u>606,685</u>

12. SECURED DEBTS

The following secured debts are included within creditors:

	31.3.23	31.3.22
	£	£
LBTH loan facility	<u>623,780</u>	<u>606,685</u>

The London Borough of Tower Hamlets loan facility is secured by a subsequent charge on the charity's freehold property.

13. MOVEMENT IN FUNDS

	At 1.4.22	Net movement in funds	Transfers between funds	At 31.3.23
	£	£	£	£
Unrestricted funds				
General fund	431,019	(44,126)	(39,074)	347,819
Restricted funds				
General fund	3,773,708	711,967	39,074	4,524,749
Property revaluation reserve.	1,619,607	(778,536)	-	841,071
	<u>5,393,315</u>	<u>(66,569)</u>	<u>39,074</u>	<u>5,365,820</u>
TOTAL FUNDS	<u>5,824,334</u>	<u>(110,695)</u>	<u>-</u>	<u>5,713,639</u>

DAVENANT CENTRE(THE)**NOTES TO THE FINANCIAL STATEMENTS - continued**
FOR THE YEAR ENDED 31 MARCH 2023**13. MOVEMENT IN FUNDS - continued**

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

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	108,218	(152,344)	(44,126)
Restricted funds			
General fund	-	711,967	711,967
Property revaluation reserve.	-	(778,536)	(778,536)
	-	(66,569)	(66,569)
TOTAL FUNDS	<u>108,218</u>	<u>(218,913)</u>	<u>(110,695)</u>

Comparatives for movement in funds

	At 1.4.21 £	Net movement in funds £	At 31.3.22 £
Unrestricted funds			
General fund	325,526	106,936	432,462
Restricted funds			
General fund	3,779,881	(6,173)	3,773,708
Property revaluation reserve.	1,619,607	-	1,619,607
	5,399,488	(6,173)	5,393,315
TOTAL FUNDS	<u>5,725,014</u>	<u>100,763</u>	<u>5,825,777</u>

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

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	183,320	(76,384)	106,936
Restricted funds			
General fund	-	(6,173)	(6,173)
TOTAL FUNDS	<u>183,320</u>	<u>(82,557)</u>	<u>100,763</u>

DAVENANT CENTRE(THE)

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2023

13. MOVEMENT IN FUNDS - continued

A current year 12 months and prior year 12 months combined position is as follows:

	At 1.4.21 £	Net movement in funds £	Transfers between funds £	At 31.3.23 £
Unrestricted funds				
General fund	325,526	62,810	(39,074)	349,262
Restricted funds				
General fund	3,779,881	705,794	39,074	4,524,749
Property revaluation reserve.	<u>1,619,607</u>	<u>(778,536)</u>	-	<u>841,071</u>
	<u>5,399,488</u>	<u>(72,742)</u>	<u>39,074</u>	<u>5,365,820</u>
TOTAL FUNDS	<u>5,725,014</u>	<u>(9,932)</u>	<u>-</u>	<u>5,715,082</u>

A current year 12 months and prior year 12 months combined net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	291,538	(228,728)	62,810
Restricted funds			
General fund	-	705,794	705,794
Property revaluation reserve.	-	<u>(778,536)</u>	<u>(778,536)</u>
	-	<u>(72,742)</u>	<u>(72,742)</u>
TOTAL FUNDS	<u>291,538</u>	<u>(301,470)</u>	<u>(9,932)</u>

Purposes of unrestricted funds

Unrestricted funds represents the Surplus/deficit on the day to day activities of the charity.

Purposes of restricted funds

The general restricted funds represents the net book value of the freehold land and building less the related loans.

The Property revaluation reserve represents the increase/decrease in the book value of the freehold properties at fair value. The properties will be revalued every three years and any adjustments to this value will be accounted for through this reserve.

Transfers between funds

The transfer between funds represents the Bank loan repayments and other transactions from unrestricted funds for restricted purposes.

DAVENANT CENTRE(THE)

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2023

14. CONTINGENT LIABILITIES

The land and building were purchased by use of grant aid exceeding £1.6 million. The initial and by far the most substantial grants was 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 was for thirty years from 6 June 1984 to 5th June 2014 and has now expired. As the GLC has been abolished, it is unclear who the successors in title are and the legal charge remains in place at the Land Registry. The mortgage is a charge, contingent on any breaches of the conditions of grant aid and would normally be payable.

15. RELATED PARTY DISCLOSURES

The Trustees consider The London Borough of Tower Hamlets to be a related party by virtue of the fact that it has advanced interest bearing loan facilities with no predefined schedule for repayment of these facilities. The total amount outstanding at the year end amounted to £623,780 (2022 £606,685).

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