

244 4362

NEWHAM TRAINING  
AND  
EDUCATION CENTRE  
(a company limited by guarantee)

REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 1998



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NEWHAM TRAINING AND EDUCATION CENTRE LIMITED

LEGAL AND ADMINISTRATIVE DETAILS

as at 31 December 1998

STATUS

Company limited by guarantee without share capital incorporated on 20 November 1989, and registered as a charity on 20 February 1990.

On 17 July 1998 the charity passed a special resolution changing its' name from Newham Women's Training and Education Centre Limited to Newham Training and Education Centre Limited.

COMPANY NUMBER

2444362

REGISTERED OFFICE

22 Deanery Road  
Stratford  
London E15 4LP

BANKERS

Midland Bank plc  
15/16 The Mall  
Stratford  
London E15 1XL

SOLICITORS

Sinclair Taylor Martin  
9 Thorpe Close  
Portobello Road  
London W10 5XL

AUDITORS

BDO Stoy Hayward  
Fitzalan House  
70 High Street  
Ewell  
Epsom  
Surrey  
KT17 1RQ

## NEWHAM TRAINING AND EDUCATION CENTRE LIMITED

### DIRECTORS' REPORT

for the year ended 31 December 1998

The directors present their annual report and the audited financial statements of Newham Training and Education Centre Limited (NEWTEC) for the year ended 31 December 1998.

### PRINCIPAL ACTIVITY

NEWTEC is a company limited by guarantee having charitable status. Its principal aim is to provide education and training services for women, men and the community, to enable them to gain access to employment or further education. NEWTEC provides integrated support for clients by providing quality childcare on and off site in its nursery and with local registered childminders.

The company has forty two full and part time staff. The Directorate team comprises of the Chief Executive, an Assistant Chief Executive and two Assistant Directors, who work with four operational managers to ensure that the service delivery of training and childcare by front line staff meets the NEWTEC's charitable objectives. There is also an average of ten volunteers gaining work experience on site at any one time placed in all departments.

NEWTEC offers a wide range of technology based training and education opportunities through accredited courses and learning programmes. In 1998 these included Introduction to Computing, Business Computing Applications, Computer Systems Maintenance and Management. A Business Technology Suite was launched in November 1998 and investment in new equipment and software, enabled NEWTEC to offer new Multi Media courses and increase the scope for trainees to develop design technology skills. A further new high level course, @there was piloted with the University of East London incorporating open distance learning.

Upon application to NEWTEC, candidates are initially assessed for suitability and skills levels. All successful applicants have English, mathematics, job search and vocational guidance available, and some courses involve work experience. Courses are identified by matching labour market information with identified local skills shortages. This enables NEWTEC to offer a complete training programme to meet the needs of both trainees and employers.

NEWTEC has created effective partnerships with both the public and private sectors, and it is only through these kind of links that effective community development can be realised, creating lasting and sustainable change. Thus NEWTEC works to make a significant contribution to local regeneration on a strategic as well as on a practical basis.

## NEWHAM TRAINING AND EDUCATION CENTRE LIMITED

### DIRECTORS' REPORT

for the year ended 31 December 1998

In 1998, 465 training places were spread across 31 courses including evening courses.

Daytime courses at NEWTEC included Year Zero (first year degree course), Computer Systems Maintenance (NVQ Level 3), Business Administration and Business Computing Administration (both NVQ Levels 2 and 3), Desktop Publishing, Multimedia and Foundation to New Technology (equivalent to NVQ Level 2), Introduction to Computing (CLAIT Level 1) and Childminding Preparation.

Evening courses at NEWTEC included Desktop Publishing, Sage Accounting, Word Processing (Elementary and Intermediate), Spreadsheets and Databases.

The NEWTEC Nursery allocated 26 places throughout the year for children whose carers were on courses benefiting over 100 trainees on long courses. 16 places were allocated to fee payers and in addition NEWTEC contracted with 36 local childminders for children of carers on shorter courses.

### FINANCIAL REVIEW OF THE YEAR

In the year ending 31<sup>st</sup> December 1998, NEWTEC made a surplus of £460,450. The main reason for this was the receipt at the end of 1998 of capital money for major building works, was carried out in the first half of 1999.

### RESERVES POLICY

NEWTEC is holding restricted funds in the form of fixed assets in respect of capital grants received. Included in unrestricted funds is £65,613 held as designated funds for the contractual obligations NEWTEC may have to meet in the future. The balance of unrestricted funds are held by NEWTEC to meet its future operating expenses due to the way NEWTEC receives funding from its funders, much of this funding is paid in arrears of up to 18 months.

## NEWHAM TRAINING AND EDUCATION CENTRE LIMITED

### DIRECTORS' REPORT

for the year ended 31 December 1998

### FINANCIAL COMMITMENTS

The financial commitments of the company at 31 December 1998 are as shown in notes 11 and 12 of the financial statements, and as described below:

#### Lease of building

The lease of 22 Deanery Road runs from 1 June 1997 for fifty years. The profile of rent payable over the life of the lease is as follows:

- first year £ 8,000
- second year £10,000
- third to seventh years inclusive £12,000
- eighth year onwards £15,000

### DIRECTORS AND THEIR INTERESTS

The directors of the company during the year were:

Hilary Banks  
Chris Evans  
Anne Johnson  
Nod Miller  
Marilyn Robinson  
Carole Snee  
Linda Edwards

The directors of the company who were members of the personnel sub-committee during the year were:

Anne Johnson  
Marilyn Robinson  
Carole Snee

The directors of the company who were members of the finance sub-committee during the year were:

Hilary Banks  
Chris Evans  
Carole Snee

The directors are elected annually at the annual general meeting by virtue of a simple majority. They are nominated by the company's association members.

No director is employed by or has any interest in any contract with the company. All directors are members of the company. At 31 December 1998 the number of members' guarantees totalled 7 (1997-8).

NEWHAM TRAINING AND EDUCATION CENTRE LIMITED

DIRECTORS' REPORT

for the year ended 31 December 1998

DIRECTORS' RESPONSIBILITIES FOR THE ACCOUNTS

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the income and expenditure of the company for that period. In preparing those accounts the directors are required to:

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

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

AUDITORS

On 1 March 1999, the auditors Moores Rowland merged with BDO Stoy Hayward and are now practising under that name. BDO Stoy Hayward have expressed their willingness to continue as the company's auditors.

Signed on behalf of the directors



Hilary Banks

AUDITORS' REPORT TO THE MEMBERS OF  
NEWHAM TRAINING AND EDUCATION CENTRE LIMITED

We have audited the financial statements on pages 7 to 14 which have been prepared in accordance with the accounting policies set out on pages 9 and 10.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page the charitable company's directors (who also act as trustees for the charitable activities of Newham Women's Training and Education Centre Limited) are responsible for the preparation of the accounts. It is our responsibility to form an opinion, based on our audit, on the accounts and to report our opinion to you.

BASIS OF OPINION

We conducted our audit in accordance with Auditing Standards 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 directors 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 assurance that the financial statements are free from 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.

OPINION

In our opinion the financial statements give a true and fair view of the state of the charitable company's affairs as at 31 December 1998 and of its incoming resources and application of resources, including its income and expenditure, in the year then ended and have been properly prepared in accordance with the Companies Act 1985.

BDO Stoy Hayward

BDO Stoy Hayward  
Chartered accountants and  
Registered auditors  
Ewell, Epsom, Surrey, KT17 1RQ

28 January 2000

NEWHAM TRAINING AND EDUCATION CENTRE LIMITED

STATEMENT OF FINANCIAL ACTIVITIES  
for the year ended 31 December 1998

INCOME AND EXPENDITURE ACCOUNT	Note	Restricted funds £	Unrestricted funds £	Total 31 December 1998 £	Total 31 December 1997 £
INCOMING RESOURCES					
Grants	2	1,467,731	36,296	1,504,027	766,637
Other income		-	58,009	58,009	107,915
Bank interest		-	-	-	5,053
<b>TOTAL INCOMING RESOURCES</b>		<b>1,467,731</b>	<b>94,305</b>	<b>1,562,036</b>	<b>879,605</b>
RESOURCES EXPENDED					
Direct charitable expenditure:					
Course running costs	3	492,710	40,726	533,436	468,550
Support costs	3	416,892	29,025	445,917	360,578
		<b>909,602</b>	<b>69,751</b>	<b>979,353</b>	<b>829,128</b>
Other expenditure:					
Fundraising and publicity	3	57,752	29,435	87,187	85,262
Management and administration	3	12,310	22,736	35,046	16,458
		<b>70,062</b>	<b>52,171</b>	<b>122,233</b>	<b>101,720</b>
<b>TOTAL RESOURCES EXPENDED</b>	<b>3</b>	<b>979,664</b>	<b>121,922</b>	<b>1,101,586</b>	<b>930,848</b>
<b>NET MOVEMENT IN FUNDS</b>		<b>488,067</b>	<b>(27,617)</b>	<b>460,450</b>	<b>(51,243)</b>
Funds brought forward at 1 January 1998		<b>108,906</b>	<b>131,961</b>	<b>240,867</b>	<b>292,110</b>
Funds carried forward at 31 December 1998	15	<b>596,973</b>	<b>104,344</b>	<b>701,317</b>	<b>240,867</b>

All of the company's operation are classed as continuing. The company had no recognised gains or losses for the year other than those shown above. The movement on reserves is shown above and in notes 8 and 9.

The notes on pages 9 to 15 form part of these financial statements.



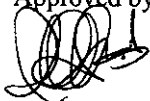
NEWHAM TRAINING AND EDUCATION CENTRE LIMITED

BALANCE SHEET  
as at 31 December 1998

	Note	1998 £	1997 £
TANGIBLE FIXED ASSETS	5	726,992	189,612
INVESTMENTS	6	3	-
		<u>726,995</u>	<u>189,612</u>
CURRENT ASSETS			
Debtors	7	821,230	726,863
Cash at bank and in hand		<u>549</u>	<u>637</u>
		821,779	727,500
CREDITORS - Amounts falling due within one year	8	<u>847,457</u>	<u>676,245</u>
NET CURRENT ASSETS		<u>(25,678)</u>	<u>51,255</u>
NET ASSETS	15	<u>701,317</u>	<u>240,867</u>
RESERVES			
Restricted funds	10	596,973	108,906
Unrestricted funds:			
Designated funds	9	99,383	65,613
General funds		<u>4,961</u>	<u>66,348</u>
		<u>701,317</u>	<u>240,867</u>

The notes on pages 9 to 15 form part of these financial statements.

Approved by the directors and signed on their behalf on



H Banks  
TREASURER

27 January 2000

# NEWHAM TRAINING AND EDUCATION CENTRE LIMITED

## NOTES TO THE ACCOUNTS

for the year ended 31 December 1998

### 1. ACCOUNTING POLICIES

#### Accounting convention

The accounts have been prepared in accordance with applicable accounting standards and follow the recommendations of the Statements of Recommended Practice - Accounting by Charities (SORP) issued in October 1995.

#### Grants receivable

Revenue grants are credited to income in the year to which they relate.

Grants received or applied for the purchase of fixed assets are credited to income in full in the year in which they are received.

#### Expenditure

Salaries are apportioned between course costs, support costs, fundraising and publicity, and management and administration on the basis of time spent on each of these activities.

Overheads are allocated to course costs if they are direct charitable expenditure, otherwise they are allocated to support costs.

#### Funds

Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure which meets these criteria is identified to the fund, together with a fair allocation of support, fundraising and publicity, and management and administration costs.

Unrestricted funds are donations and other income received or generated for charitable purposes.

Designated funds are unrestricted funds earmarked for particular purposes by the management committee.

#### Capitalisation and depreciation of fixed assets

Expenditure on equipment costing over £350 is capitalised in the year of purchase. Items costing less than this are written off to the income and expenditure account.

Depreciation is provided on all tangible fixed assets at the following rates:

- a) Equipment - 15% per annum
- b) Fixtures and fittings - 15% per annum
- c) Computer equipment - 25% per annum
- d) Building works and play area - 2% per annum.
- e) Computer software - 50% per annum

#### Pension scheme

The company contributes towards the personal pensions of a defined contribution scheme for participating employees. Contributions are charged to the income and expenditure account as they become payable in accordance with the rules of the scheme.

NEWHAM TRAINING AND EDUCATION CENTRE LIMITED

NOTES TO THE ACCOUNTS  
for the year ended 31 December 1998

1. ACCOUNTING POLICIES (continued)

Leases of equipment

All leases of equipment are considered to be operating leases and rentals are charged against revenue with incurred. No assets are held under hire purchase agreements.

2. GRANTS	1998 £	1997 £
European Funding	426,585	404,673
ESF - Technical assistance	19,548	-
Further Education Funding Council	156,655	156,833
Stratford City Challenge:		
Revenue	53,890	51,265
Capital	10,650	29,448
University of East London	-	50,779
LETEC	-	29,162
London Borough of Newham	34,055	33,462
National Lottery Charity's Board - Revenue	77,296	7,561
- Capital	188,789	-
Skills challenge:	378,238	-
ERDF	28,052	-
SRB - Revenue	66,260	-
- Capital	21,752	-
Ariadne	34,428	-
Leonardo	5,587	-
Other	2,242	3,454
	<u>1,504,027</u>	<u>766,637</u>

All grants were given as a subsidy towards the capital expenditure, salaries and running costs of the charity, and have been fully used for this purpose in the accounting period. European Social Fund grants applied for have been treated as receivable.

The amount received from the London Borough of Newham is intangible income, comprising a subsidy towards the salaries of certain employees paid by the Borough.

Grants from the European Social Fund and the University of East London are shown gross of administration fees.

NEWHAM TRAINING AND EDUCATION CENTRE LIMITED

NOTES TO THE ACCOUNTS

for the year ended 31 December 1998

3. RESOURCES EXPENDED

a) Analysis of resources expended

	Course costs £	Support costs £	Fundraising and publicity £	Management and administration £	1998 Total £	1997 Total £
Salaries and wages	318,705	246,552	53,897	11,341	630,496	583,715
Temporary staff	5,384	4,165	910	192	10,651	23,801
Staff healthcare	1,937	1,498	328	69	3,832	3,517
Other staff costs	2,814	2,177	476	100	5,567	-
Course materials	1,041	-	-	-	1,041	6,995
Advertising	-	-	13,472	-	13,472	11,226
Trainee travel	6,565	-	-	-	6,565	14,363
Examination and college fees	2,362	-	-	-	2,362	7,890
Childminders	50,414	-	-	-	50,414	79,515
Nursery running costs	10,129	-	-	-	10,129	8,680
Nursery relocation	7,240	-	-	-	7,240	-
Building costs	-	7,650	-	-	7,650	4,642
Equipment maintenance	-	5,864	-	-	5,864	16,246
Insurance	-	15,019	-	-	15,019	6,801
Rent and rates	-	16,042	-	-	16,042	12,514
Depreciation	109,743	73,162	-	-	182,905	47,019
Administration	-	40,355	-	-	40,355	35,735
Staff recruitment	11,871	9,183	2,008	422	23,484	14,570
Audit and accountancy	-	-	-	16,089	16,089	5,720
Professional fees	-	(1,025)	-	-	(1,025)	9,873
Contract staff	-	10,141	15,211	-	25,352	-
Staff training	3,848	2,977	651	137	7,612	19,806
Staff travel	1,383	1,070	234	49	2,736	5,967
Security	-	2,605	-	-	2,605	-
Computer equipment	-	-	-	-	-	7,018
Software	-	3,232	-	-	3,232	1,765
Bank interest	-	-	-	377	377	-
Café running costs	-	1,013	-	-	1,013	-
Bad debts	-	-	-	6,270	6,270	-
Sundry	-	4,237	-	-	4,237	3,470
	<u>533,436</u>	<u>445,917</u>	<u>87,187</u>	<u>35,046</u>	<u>1,101,586</u>	<u>930,848</u>

Included in total resources expended are:

Audit and other financial services:

Statutory audit

Accounting work

Depreciation

1998  
£

4,200

3,000

182,905

1997  
£

5,720

-

47,019

NEWHAM TRAINING AND EDUCATION CENTRE LIMITED

NOTES TO THE ACCOUNTS

for the year ended 31 December 1998

3. RESOURCES EXPENDED (continued)

b) Emoluments of employees	1998 £	1997 £
Salaries	576,564	522,950
Social security costs	42,143	46,403
Pension costs	11,789	14,362
	<u>630,496</u>	<u>583,715</u>

The average number of employees in the year was 40 (1997 - 34).

The aggregate amount reimbursed to the directors for travel and childcare expenses was £ NIL (1997 - £95).

None of the directors received any remuneration in respect of their services in the year (1997 £NIL).

No employees earned £40,000 per annum or more.

4. TAXATION

The company is a registered charity and applies all its income to its charitable objects. It is therefore exempt from taxation.

5. FIXED ASSETS

	Play area £	Building works £	Fixtures & fittings £	Computers £	Equipment £	Total £
Cost:						
At 1 January 1998	8,310	660,239	81,709	244,767	76,268	1,071,293
Additions	-	424,917	7,355	256,304	31,708	720,284
At 31 December 1998	<u>8,310</u>	<u>1,085,156</u>	<u>89,064</u>	<u>501,071</u>	<u>107,976</u>	<u>1,791,577</u>
Depreciation:						
At 1 January 1998	8,310	586,797	53,560	164,236	68,778	881,681
Provided in year	-	9,967	13,360	143,381	16,196	182,904
At 31 December 1998	<u>8,310</u>	<u>596,764</u>	<u>66,920</u>	<u>307,617</u>	<u>84,974</u>	<u>1,064,585</u>
Net book value:						
At 31 December 1998	<u>-</u>	<u>488,392</u>	<u>22,144</u>	<u>193,454</u>	<u>23,002</u>	<u>726,992</u>
At 31 December 1997	<u>-</u>	<u>73,442</u>	<u>28,149</u>	<u>80,531</u>	<u>7,490</u>	<u>189,612</u>

All fixed assets other than the café are used for direct charitable purposes.

NEWHAM TRAINING AND EDUCATION CENTRE LIMITED

NOTES TO THE ACCOUNTS

for the year ended 31 December 1998

6. INVESTMENTS	1998 £	1997 £
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3 ordinary shares of a dormant company NEWTEC Services Limited

3	-
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7. DEBTORS	1998 £	1997 £
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Trade debtors	5,120	-
Accrued income	807,008	708,477
Prepayments	7,999	7,505
Other debtors	1,103	10,881
	<u>821,230</u>	<u>726,863</u>

Included in accrued income above are amounts due after one year from the European Social Fund of £110,000 (1997 - £62,632).

8. CREDITORS	1998 £	1997 £
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Bank overdraft	80,489	31,715
Trade creditors	215,191	23,149
Taxation and social security	13,540	13,402
Other creditors	83,053	4,410
Accruals and deferred income	455,184	603,569
	<u>847,457</u>	<u>676,245</u>

9. DESIGNATED FUNDS

	Balance 1 January 1998 £	Incoming resources £	Outgoing resources £	Transfers between funds £	Balance at 31 December 1998 £
Contractual employment obligations	<u>65,613</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>65,613</u>

NEWHAM TRAINING AND EDUCATION CENTRE LIMITED

NOTES TO THE ACCOUNTS  
for the year ended 31 December 1998

10. RESTRICTED FUNDS

	Balance at 1 January 1998 £	Incoming resources £	Outgoing resources £	Balance at 31 December 1998 £
Tangible fixed assets				
Building works	67,775	-	1,356	66,419
Fixtures and fittings	8,396	-	3,465	4,931
Computer equipment	32,641	-	12,640	20,001
Equipment	94	-	94	-
NLCB – Capital	-	188,789	3,776	185,013
SRB – Capital	-	19,000	4,750	14,250
Skill Challenge – Capital	-	378,238	94,054	284,184
ERDF – Capital	-	28,052	3,332	24,720
	<u>108,906</u>	<u>614,079</u>	<u>123,467</u>	<u>599,518</u>
European Social Fund grant	-	426,585	427,875	(1,290)
Technical Assistance (ESF)	-	19,549	19,549	-
Leonardo (ESF)	-	5,587	6,842	(1,255)
City Challenge – SDP	-	10,650	10,650	-
NLCB – Revenue	-	77,296	77,296	-
Ariadne (ESF)	-	34,428	34,428	-
SRB	-	69,012	69,012	-
FEFC	-	156,655	156,655	-
Stratford City Challenge	-	53,890	53,890	-
	<u>-</u>	<u>853,652</u>	<u>856,197</u>	<u>(2,545)</u>
	<u>108,906</u>	<u>1,467,731</u>	<u>979,664</u>	<u>596,973</u>

At the year end NEWTEC had expended funds in advance of the recognition of the European Social Fund grant and the Leonardo (ESF) grant.

# NEWHAM TRAINING AND EDUCATION CENTRE LIMITED

## NOTES TO THE ACCOUNTS

for the year ended 31 December 1998

### 11. CAPITAL COMMITMENTS

At 31 December 1998 the company had the following commitments:

	1998 £	1997 £
Authorised and contracted for	-	307,833

The above represents the amounts currently contracted for. It is not possible to give the full extent of the total cost of extensive refurbishing.

During the year the charity won National Lottery funding in respect of the part funding of the extension to the college.

### 12. PENSION COMMITMENTS

The company contributes towards the personal pensions of a defined contribution scheme for its employees. The unpaid contributions at the end of the year, included in 'other creditors' are £4,060 (1997 - £4,410).

### 13. OPERATING LEASE COMMITMENT

At 31 December 1998 the company was committed to make the following payments during the next year in respect of operating leases:

	1998 £	1997 £
Operating leases which expire:		
In over five years	12,000	10,833
	<u>12,000</u>	<u>10,833</u>

### 14. FIXED AND FLOATING CHARGE

The company has an overdraft facility of £100,000 and a monthly facility of £25,000. These are secured by way of a fixed charge over all book and other debts, and a floating charge over all other assets of the company.

### 15. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Restricted funds £	Unrestricted funds £	Total £
Fund balances at 31 December 1998 are represented by:			
Fixed assets and investments	599,518	127,477	726,995
Current assets	452,639	369,140	821,779
Current liabilities	(455,183)	(392,274)	(847,457)
Total net assets	<u>596,974</u>	<u>104,343</u>	<u>701,317</u>