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**SOUTH WEST ASSOCIATION
FOR EDUCATION
& TRAINING**
Supporting lifelong learning

**ACCOUNTS AND AUDITORS
REPORT**

1999/2000



LEGAL AND ADMINISTRATIVE DETAILS

The South West Association for Education and Training (SWAFET) was established as a Registered Charity with the Charity Commissioners on 12 October 1993 (Registration No. 1020027). SWAFET is also a Company limited by guarantee established on 2 August 1993 under the Companies Act (Company Registration No. 2806593).

Address of Charity

Bishops Hull House
Bishops Hull
TAUNTON
Somerset
TA1 5EP

Trustees and Directors

The Trustees are also the Directors for the purpose of Company Law.

Phil Wookey (Chair until 21.10.99)	<i>(resigned October 1999)</i>
David Beattie	<i>(joined July 1999)</i>
Gill Brain	
Mike Counsell	<i>(resigned 31 March 2000)</i>
Rick Dearing	
Richard Ely	<i>(resigned 31 March 2000)</i>
Alison Scott	
Bernard Vaughan (Chair from 21.10.99)	
Peter Weeks	<i>(joined July 1999)</i>
David Wood	

Officers

Company Secretary and Chief Executive : Liz McGrath

Bankers

Caf Cash Ltd
Kings Hill
WEST MALLING
Kent
ME19 4TA

Auditors

RSM Robson Rhodes
10 Queen Square
BRISTOL
BS1 4NT

CHAIR AND CHIEF EXECUTIVE'S REPORT 1999/2000

It is a pleasure to be able to report another year of very positive developments for SWAFET and to introduce Accounts which reflect the success of those developments.

When SWAFET was set up, in 1993, its charitable objective was 'the advancement of the education and training of young persons and adults' and its members were 'Local Education Authorities, Colleges, adult education services, youth services, higher education institutions, independent/voluntary organisations and other appropriate bodies'. Its role was established as 'fostering consultation and co-operative actions between them'. It was, in other words to be about cross-sector, collaborative regional support.

During 1999/2000 SWAFET has been consolidating and building its multi-sector relationships, its services, its capacity to be responsive and the quality of its infrastructure. Some of those endeavours generate income. Some of them have demanded considerable investment. The staff have worked hard to increase the quality and quantity of the services in order to earn the money for us to invest in the infrastructure.

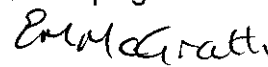
- Significant partners are housed in our building and shared activities are rapidly developing.
- Accreditation services now take place within our membership of the Awarding Body Consortium, which has QCA, national recognition.
- The staffing base has been cautiously increased.
- The information technology systems have been completely updated
- The programme of building refurbishment is well underway.
- Updated arrangements for service provision have been established with the
 - Youth Services
 - Local Education Authorities
 - SW Association of Colleges.
- The recently-established partnership with the Careers Services is currently being reviewed and renewed.

Our task is to ensure that the work we do is high quality, that it represents value for money for our members/customers and that the money we earn is put to the best possible use.

Strategic direction and oversight of SWAFET's activities is undertaken by the Board of Directors. During this year there have been some retirements and some additions to the Board, which continues to be representative of the sectors we serve. Dr Phil Wookey retired from the Board this year and Bernard Vaughan took over his place as Chair. Two new Board members were recruited via the Chartered Institute of Management Accountants to enhance the level of financial expertise on the Board. Their advice has supported an improvement in the financial information presented to the Directors. At the end of the year Mike Counsell retired as the representative of the Youth Services and Richard Ely retired as the LEA representative. The value of the insight and knowledge which this group of people bring to SWAFET's operation, cannot be stressed too much.

We are pleased to be reporting robust health in both our business activities and our finances, at the conclusion of the 1999/2000 financial year and look forward to developing this trend in 2000/2001.

Bernard Vaughan
Chair of Board of Directors


Liz McGrath
Chief Executive

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF 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 profit or loss 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 going concern basis has been adopted.

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 safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

REPORT OF THE AUDITORS

to the members of the South West Association for Education and Training

We have audited the financial statements on pages 6 to 13 which have been prepared under the historical cost convention and the accounting policies set out on page 8.

Respective Responsibilities of Directors and Auditors

As described on page 4, the trustees, who are also the Directors of the Charity for the purpose of Company Law, are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on the financial statements 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 judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the 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 as to whether 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.

Opinion

In our opinion the financial statements give a true and fair view of the company's state of affairs as at 31 March 2000 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.

RSM Robson Rhodes

RSM Robson Rhodes
Registered Auditor
Bristol

Date *28 September 2000*

STATEMENT OF FINANCIAL ACTIVITIES
for the year ended 31 March 2000

INCOME AND EXPENDITURE

Incoming Resources	Note	2000 £	1999 £
Conferences and Networks		129308	104319
Assessment and Accreditation Fees		58370	37200
Membership		41705	50785
Grants		74293	78150
Sales and Lettings		76112	34870
Projects		25779	90936
Investments Income		7297	5074
Study Visits		8634	15112
		<u> </u>	<u> </u>
Total Incoming Resources		421498	416446
		<u> </u>	<u> </u>
Resources Expended			
Direct Charitable Expenditure	12	257125	255152
Fundraising and Publicity	13	33746	19374
Management and Administration	14	112476	115646
		<u> </u>	<u> </u>
		403347	390172
		<u> </u>	<u> </u>
Net Movement of Funds		18151	26274
Balances brought forward as at 31/3/1999		102778	76504
		<u> </u>	<u> </u>
Balances brought forward at 31/3/2000		120929	102778
		<u> </u>	<u> </u>

Note: Incoming Resources and Resources Expended were derived from continuing operations.
 There were no:

1. transfers between funds
2. other recognised gains and losses (other than those included in the Statement above)
3. designated funds.

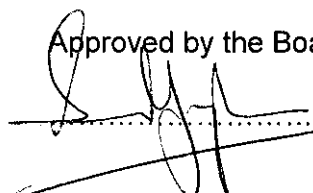
BALANCE SHEET
at 31 March 2000

	<i>Note</i>	2000 £	1999 £
Fixed Assets			
Tangible Fixed Assets	5	<u>233355</u>	<u>233198</u>
Current Assets			
Cash at Bank		165343	52876
Trade Debtors		32843	164287
Other Debtors	6		20132
Prepayments		667	3091
		<u>198853</u>	<u>240386</u>
Liabilities			
Amounts falling due within one year	7	152475	185172
Net Current Assets		<u>46378</u>	<u>55214</u>
Total Assets Less Current Liabilities		279733	288412
Liabilities			
Amounts falling due after more than one year	8	158804	185634
Net Assets		<u>120929</u>	<u>102778</u>
Capital and Reserves			
Capital Reserve	10	245601	245601
Profit and Loss Account		-124672	-142823
Net Assets		<u>120929</u>	<u>102778</u>

Note: There were no:

1. Fixed Assets Investment
2. Short Term Deposits

Approved by the Board of Directors on 28/9/00 and signed on its behalf by

 Trustee

Date 28/9/00

**NOTES TO THE ACCOUNTS
as at 31 March 2000**

1. COMPANY STATUS

The company is limited by guarantee and does not have a share capital. The liability of each member is limited to £1 in the event of a winding up.

2. ACCOUNTING POLICIES

Accounting convention

The accounts are prepared under the historical cost convention.

Depreciation

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost or valuation, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Freehold Buildings	over 30 years
Fixtures and Fittings	over 10 years
Equipment acquired before 1 April 1994	over 10 years
Equipment acquired from 1 April 1994	over 5 years
Computer equipment	over 3 years
Furniture	over 10 years

Government Grants

Government grants are credited to income so as to match them with the expenditure to which they relate.

3. DIRECTORS' REMUNERATION

The directors received no remuneration.

4. STAFF COSTS

	2000	1999
	£	£
Wages and Salaries	151318	152543
Social Security Costs	10871	10639
Pension Costs	10438	10583
	<hr/>	<hr/>
	172627	173765
	<hr/>	<hr/>

**NOTES TO THE ACCOUNTS
as at 31 March 2000**

The average weekly number of employees during the year was made up as follows (full-time equivalents):

	2000 No	1999 No
Management	2	2
Administration	5	5
Domestic/Garden	1	1
	<u>8</u>	<u>8</u>

Employees salaries in excess of £10,000 were in the following bands:

	2000 No	1999 No
£10,000-£20,000	6	4
£20,000-£30,000	0	0
£30,000-£40,000	2	2
£40,000-£50,000	0	0

5. TANGIBLE FIXED ASSETS

Cost

	Freehold Property £	Fixtures & Fittings £	Furniture & Equipment £	Total £
As at 1 April 1999	237920	50956	45552	334428
Additions		8340	22843	31183
Disposals		(-9500)	(-22748)	(-32248)
As at 1 April 2000	<u>237920</u>	<u>49796</u>	<u>45647</u>	<u>333363</u>

Accumulated Depreciation

As at 1 April 1999	27757	45827	27646	101230
Charge for Year	7930	4980	10776	23686
Disposals		(-9200)	(-15708)	(-24908)
As at 1 April 2000	<u>35687</u>	<u>41607</u>	<u>22714</u>	<u>100008</u>

Net Book Value

As at 1 April 2000	202233	8189	22933	233355
As at 1 April 1999	210163	5129	17906	233198

The Fixed Assets are for the Charity's own use.

**NOTES TO THE ACCOUNTS
as at 31 March 2000**

6. CURRENT ASSETS

Other debtors represents amounts due from Somerset County Council.

7. LIABILITIES: amounts falling within one year

	Note	2000 £	1999 £
Mortgage Account (see note 9)		21600	21600
Trade Creditors		14052	6611
Other Taxes and Social Security		3912	3364
Accruals and Deferred Income		11567	136497
Severance Pay		17100	17100
AoC SW Income and Expenditure held on loan		84244	
		<u>152475</u>	<u>185172</u>

8. LIABILITIES: amounts falling due after more than one year

Mortgage Account (see note 9)	158804	168534
Severance Pay – between one and two years		17100
	<u>158804</u>	<u>185634</u>

9. MORTGAGE ACCOUNT

Amounts Repayable (by instalments):

- in one year or less	21600	21600
- between one and two years	21600	21600
- between two and five years	64800	64800
	<u>108000</u>	<u>108000</u>
- over five years	72404	82134
	<u>180404</u>	<u>190134</u>

Disclosed as:

- amounts due within one year (see note 7)	21600	21600
- amounts due after more than one year (see note 8)	158804	168534
	<u>180404</u>	<u>190134</u>

The Mortgage loan is secured on the freehold property and is subject to interest charges at 1% above the Bank Base Rate.

NOTES TO THE ACCOUNTS
as at 31 March 2000

10. MOVEMENT OF RESERVES

	<i>Capital Reserve 2000</i>	<i>Profit and Loss Account 2000</i>	<i>Total 2000</i>
As at 1 April 1999	245601	(142823)	102778
Surplus for Year		18151	18151
	<u>245601</u>	<u>(142823)</u>	<u>102778</u>
As at 31 March 2000	<u>245601</u>	<u>(124672)</u>	<u>120929</u>

The capital reserve represents the net equity established in the company at 1 April 1993 on transfer of the net assets, excluding freehold property and land, from the previous, unincorporated association.

11. TAXATION

Since the Association is a registered charity, the Inland Revenue has approved the exemption from tax afforded by Section 505 of the Income and Corporation Taxes Act 1988.

12. DIRECT CHARITABLE EXPENDITURE

	<i>Total 2000 £</i>	<i>Total 1999 £</i>
Salaries and Wages	114335	116208
Conferences and Networks	59047	29818
Assessor Fees and Expenses	19590	11383
Project Expenses	12770	47060
Loss on Disposal of Fixed Asset	3883	673
Depreciation	27206	19949
Mortgage Interest Payments	11870	15546
Study Visits	8424	14515
	<u>257125</u>	<u>255152</u>

13. FUNDRAISING AND PUBLICITY

Letting Building	18992	6307
Conference and Network Publicity	14754	13067
	<u>33746</u>	<u>19374</u>

**NOTES TO THE ACCOUNTS
as at 31 March 2000**

14. MANAGEMENT AND ADMINISTRATION

	2000	1999
	£	£
Salaries and Wages	58292	57557
Office Costs	48123	52556
Legal and Professional Fees	1382	1210
Audit Fees	2771	2676
Cost of Trustees' Meetings (inc travel expenses)	1908	1647
	<u>112476</u>	<u>115646</u>

15. TRANSACTIONS WITH TRUSTEES AND CONNECTED PERSONS

Eight Trustees had their travel expenses reimbursed at a total cost of £1509.77 during 1999/00.

16. INDEMNITY INSURANCE

The Association purchased Indemnity Insurance for its trustees at a cost of £686.40.

17. SEVERANCE PAY

The Board of Directors in September 1997 agreed to terminate the contract of the Chief Executive with effect from 15 April 1998 on the grounds of redundancy.

A payment of £17,000 was made in 1999/00 and the final payment relating to this, of £17,000, is to be made in the financial year 2000/2001.

	£
- capitalised enhanced pension costs	127100
- lump sum compensatory payment	34500
	<u>161600</u>

18. BISHOPS HULL HOUSE

A loan was taken out on Bishops Hull House in 1988 (by the Charity's predecessor) for the purchase value of £320,000 over a 30 year repayment period. The property was acquired by SWAFET during 1995 at a cost of £237920 with a remaining mortgage outstanding of 23 years. This loan can be recalled by the Bank but is considered to be a long term loan which is consistent with previous years.