

Company Registration No. 07869426 (England and Wales)

NEWHAM PARTNERSHIP WORKING LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 MARCH 2020

tc accounts · tax · legal · financial planning

The Courtyard
Shoreham Road
Upper Beeding
Steyning
West Sussex
BN44 3TN



NEWHAM PARTNERSHIP WORKING LIMITED

CONTENTS

	Page
Company information	1
Directors' report	2 - 3
Directors' responsibilities statement	4
Statement of comprehensive income	8
Balance sheet	9
Statement of changes in equity	10
Statement of cash flows	11
Notes to the financial statements	12 - 28

NEWHAM PARTNERSHIP WORKING LIMITED

COMPANY INFORMATION

Directors	A Crispin D Asuni R Cleary J Deslandes T Harrison P Hill A Ilyas M Rowe S Rowlands P Watson D Williams G Macgregor C Ansell	 (Appointed 10 July 2019) (Appointed 10 July 2019)
Secretary	S Beaumont	
Company number	07869426	
Registered office	Francis House 760 Barking Road London E13 9PJ	
Auditor	TC Group The Courtyard Shoreham Road Upper Beeding Steyning West Sussex BN44 3TN	

NEWHAM PARTNERSHIP WORKING LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2020

The directors present their annual report and financial statements for the year ended 31 March 2020.

Principal activities

The principal activity of the company continued to be that of the provision of services to local schools, primarily ICT, human resources, governor support, health and safety and associated school support functions.

In addition to the above, the company also acts as agent in ICT hardware and broadband licence procurement transactions on behalf of its member schools.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

A Crispin

D Asuni

R Cleary

J Deslandes

T Harrison

P Hill

A Ilyas

M Rowe

S Rowlands

P Watson

D Williams

G Macgregor

(Appointed 10 July 2019)

C Ansell

(Appointed 10 July 2019)

Auditor

TC Group were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

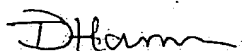
This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

NEWHAM PARTNERSHIP WORKING LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

On behalf of the board



T Harrison
Director

14 October 2020

NEWHAM PARTNERSHIP WORKING LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 MARCH 2020

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the surplus or deficit of the company for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

NEWHAM PARTNERSHIP WORKING LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF NEWHAM PARTNERSHIP WORKING LIMITED

Opinion

We have audited the financial statements of Newham Partnership Working Limited (the 'company') for the year ended 31 March 2020 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows 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, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2020 and of its deficit 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 *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report 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 there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

NEWHAM PARTNERSHIP WORKING LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF NEWHAM PARTNERSHIP WORKING LIMITED

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report and take advantage of the small companies exemption from the requirement to prepare a strategic report.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors 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 directors 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 directors are responsible for assessing the 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 directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's 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 an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

NEWHAM PARTNERSHIP WORKING LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF NEWHAM PARTNERSHIP WORKING LIMITED

Use of our report

This report is made solely to the 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 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.

TC Group

Mark Cummins FCCA (Senior Statutory Auditor)
for and on behalf of TC Group

Statutory Auditor
Office: Steyning

14 December 2020

NEWHAM PARTNERSHIP WORKING LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2020

		2020	2019
	Notes	£	£
Turnover	3	4,852,309	4,897,519
Cost of sales		(4,100,448)	(4,643,261)
Gross surplus		751,861	254,258
Administrative expenses		(1,319,886)	(1,478,039)
Other operating income		15,285	15,285
Exceptional item	4	(66,578)	(20,590)
Operating deficit	5	(619,318)	(1,229,086)
Interest receivable and similar income		24,025	10,074
Interest payable and similar expenses	9	(211,596)	(223,000)
Deficit before taxation		(806,889)	(1,442,012)
Tax on deficit		(2,598)	262
Deficit for the financial year		(809,487)	(1,441,750)
Other comprehensive income			
Actuarial gain on defined benefit pension schemes		2,410,000	762,000
Tax relating to other comprehensive income		19,914	(13,636)
Total comprehensive income for the year		1,620,427	(693,386)

The Income and Expenditure Account has been prepared on the basis that all operations are continuing operations.

The notes on pages 12 to 28 form part of these financial statements

NEWHAM PARTNERSHIP WORKING LIMITED

BALANCE SHEET

AS AT 31 MARCH 2020

			2020	2019
	Notes	£	£	£
Fixed assets				
Intangible assets	10		22,121	24,881
Tangible assets	11		21,008	26,084
Investments	12		1	1
			<u>43,130</u>	<u>50,966</u>
Current assets				
Debtors	14	788,482	720,388	
Cash at bank and in hand		568,403	468,287	
		<u>1,356,885</u>	<u>1,188,675</u>	
Creditors: amounts falling due within one year	15	(1,477,906)	(1,270,036)	
Net current liabilities			<u>(121,021)</u>	<u>(81,361)</u>
Total assets less current liabilities			<u>(77,891)</u>	<u>(30,395)</u>
Provisions for liabilities	16		(7,161,150)	(8,829,073)
Net liabilities			<u>(7,239,041)</u>	<u>(8,859,468)</u>
Reserves				
Pension reserve			(7,122,203)	(8,770,289)
Income and expenditure account			(116,838)	(89,179)
Members' funds			<u>(7,239,041)</u>	<u>(8,859,468)</u>

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

The financial statements were approved by the board of directors and authorised for issue on 14 October 2020 and are signed on its behalf by:



T Harrison
Director

Company Registration No. 07869426

The notes on pages 12 to 28 form part of these financial statements

NEWHAM PARTNERSHIP WORKING LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2020

	Pension reserve £	Income and expenditure £	Total £
Balance at 1 April 2018	(8,942,925)	776,843	(8,166,082)
Year ended 31 March 2019:			
Loss for the year	-	(1,441,750)	(1,441,750)
Other comprehensive income:			
Actuarial gains on defined benefit plans	-	762,000	762,000
Tax relating to other comprehensive income	-	(13,636)	(13,636)
Total comprehensive income for the year	-	(693,386)	(693,386)
Transfer of net movement on defined benefit pension liability	172,636	(172,636)	-
Balance at 31 March 2019	(8,770,289)	(89,179)	(8,859,468)
Year ended 31 March 2020:			
Loss for the year	-	(809,487)	(809,487)
Other comprehensive income:			
Actuarial gains on defined benefit plans	-	2,410,000	2,410,000
Tax relating to other comprehensive income	-	19,914	19,914
Total comprehensive income for the year	-	1,620,427	1,620,427
Transfer of net movement on defined benefit pension liability	1,648,086	(1,648,086)	-
Balance at 31 March 2020	(7,122,203)	(116,838)	(7,239,041)

The notes on pages 12 to 28 form part of these financial statements

NEWHAM PARTNERSHIP WORKING LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2020

			2020		2019
	Notes	£	£	£	£
Cash flows from operating activities					
Cash generated from/(absorbed by) operations	25		87,964		(579,309)
Interest paid			(596)		-
Income taxes paid			-		(407)
Net cash inflow/(outflow) from operating activities			87,368		(579,716)
Investing activities					
Purchase of intangible assets		(1,979)		(7,750)	
Purchase of tangible fixed assets		(9,298)		(1,411)	
Purchase of subsidiaries		-		(1)	
Interest received		24,025		10,074	
Net cash generated from investing activities			12,748		912
Net increase/(decrease) in cash and cash equivalents			100,116		(578,804)
Cash and cash equivalents at beginning of year			468,287		1,047,091
Cash and cash equivalents at end of year			568,403		468,287

The notes on pages 12 to 28 form part of these financial statements

NEWHAM PARTNERSHIP WORKING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

Company information

Newham Partnership Working Limited (07869426) is a private company limited by guarantee incorporated in England and Wales. The registered office is Francis House, 760 Barking Road, London, E13 9PJ.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

The company has taken advantage of the exemption under section 399 of the Companies Act 2006 not to prepare consolidated accounts, on the basis that the group of which this is the parent qualifies as a small group. The financial statements present information about the company as an individual entity and not about its group.

NEWHAM PARTNERSHIP WORKING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

(Continued)

1.2 Going concern

At the time of approving the financial statements the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future.

Newham Partnership Working Limited (NPW Ltd) have a high renewal rate against existing contracts (average 98%) and have also secured a new contract with LBN for 2.5 years. NPW will act as the lead support provider for Newham schools, on behalf of LBN. This has strengthened the partnership between LBN and NPW. One of the key developments from this partnership has been the introduction of a new NPW Health and Safety SLA, which has been endorsed by LBN.

The directors are satisfied that NPW Ltd is able to meet its working capital liabilities through the management of the normal cyclical nature of receipts and payments.

Of the net liabilities of £7.24m, 98.4% is as a result of the accounting provision for the Local Government Pension Scheme (LGPS). The scheme was in deficit when NPW Ltd was admitted to the LGPS, that deficit was transferred to NPW Ltd by the London Borough of Newham(LBN) in 2013. This deficit grew over the period 2013 - 19 restricting NPWs ability to trade under normal circumstances. NPW has been in negotiation with LBN and has now reached agreement to amend the Admissions and Service Agreements to treat the LGPS scheme as a 'passthrough' arrangement. NPW will no longer hold any liability for LGPS benefits held by NPW employees. The contribution to the scheme has been capped at 17.6%, with any shortfall being met by LBN and any reduction to be recompensed. LBN will take back all pension liabilities and this will no longer be shown as part of the P & L for the company. From April 2020 the pension liability of £7.16m and any additional deficit will be transferred to LBN.

The cash flow forecast for the next 12 months indicates that NPW Ltd will have sufficient cash assets to be able to meet its debts as and when they are due.

Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

1.4 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Software	25% - 33.3% straight line
----------	---------------------------

NEWHAM PARTNERSHIP WORKING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

(Continued)

1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold land and buildings	Over the remaining length of the lease
Fixtures and fittings	20% straight line
Computers	33.3% straight line

Residual value is calculated on prices prevailing at the reporting date, after estimated costs of disposal, for the asset as if it were at the age and in the condition expected at the end of its useful life.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to surplus or deficit.

Minor items of capital expenditure up to £1,000 are written off to profit and loss (unless part of a larger project with a value in excess of £1,000).

1.6 Fixed asset investments

Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in surplus or deficit.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.7 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

1.8 Cash at bank and in hand

Cash at bank and in hand are basic financial assets and include cash in hand and deposits held at call with banks.

NEWHAM PARTNERSHIP WORKING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

(Continued)

1.9 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

1.10 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

NEWHAM PARTNERSHIP WORKING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

(Continued)

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.11 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits. Termination benefits recognised as an expense in the year amount to £66,578 (2019: £20,590).

Retirement benefits of employees of the company are provided by the Local Government Pension Scheme ("LGPS"), which is a defined benefit scheme, contracted out of the State Earnings Related Pension Scheme ("SERPS") with the assets held separately from those of the company. The cost of providing benefits under defined benefit plans is determined separately for each plan, and is based on actuarial advice. The LGPS is a funded scheme and the assets are held separately from those of the company in separate trustee administered funds. Pension scheme assets are measured at fair value and the scheme liabilities are measured using the projected unit credit method, discounted using a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each reporting date.

Gains or losses recognised in profit or loss:

- The change in the net defined benefit liability arising from employee service during the year is recognised as an employee cost.
- The cost of plan introductions, benefit changes, settlements and curtailments are recognised as incurred.
- Net interest on the defined benefit asset/liability comprises the interest cost on the defined benefit obligation and interest income on the plan assets, calculated by multiplying the fair value of the plan assets at the beginning of the period by the rate used to discount the benefit obligation.

Gains or losses recognised in other comprehensive income:

- Actuarial gains and losses.
- The difference between the interest income on the plan assets and the actual return on the plan assets.

NEWHAM PARTNERSHIP WORKING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

(Continued)

1.12 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

1.13 Agency sales

The company acts in an agency capacity for the purchase and sale of ICT hardware and broadband licences on behalf of its member schools. Turnover relating to these agency sales is disclosed in the notes to the financial statements as a memo disclosure only. Debtors and creditors for these transactions are included within trade debtors and trade creditors where the company receives and settles monies in respect of these transactions. These are separately identified as relating to agency transactions.

1.14 Government grants

Government grants on capital expenditure are credited to a deferral account and are released to other operating income in accordance with the depreciation rate of the asset to which they relate. The release in 2020 totalled £15,285 (2019: £15,285).

Grants of a revenue nature are credited to income in the period to which they relate.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical accounting estimates and assumptions

The company makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results.

Defined benefit pension scheme

The valuation of the defined benefit pension scheme is based on a number of assumptions. Further details can be found in note 18.

Recoverability of debtors

The judgements, estimates and associated assumptions necessary to assess the recoverability of these balances are based on historical experience and other reasonable factors.

NEWHAM PARTNERSHIP WORKING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

3 Turnover and other revenue

	2020	2019
	£	£
Turnover analysed by class of business		
Services to schools	4,852,309	4,897,519
	<u>4,852,309</u>	<u>4,897,519</u>
	2020	2019
	£	£
Other significant revenue		
Interest income	24,025	10,074
	<u>24,025</u>	<u>10,074</u>

(a) As principal

Turnover, stated net of value added tax, consists of UK sales generated from the provision of support services to local schools, relating to ICT, human resources, governor support, health and safety and associated school support functions.

(b) As agent

The company has acted as agent on behalf of its member schools in connection with the procurement of ICT hardware and broadband licences. The value of these procurement transactions, whereby Newham Partnership Working Limited act as agent was £946,154 (2019: £1,450,862). This amount has not been recognised and disclosed as turnover within the company's income statement. Newham Partnership Working Limited recognises the commission earned in respect of these transactions only.

Outstanding balances in relation to these agency arrangements are contained within notes 14 and 15 to the financial statements.

4 Exceptional costs

	2020	2019
	£	£
Redundancy costs	66,578	20,590
	<u>66,578</u>	<u>20,590</u>

Exceptional costs relate to redundancy costs in relation to the restructuring of the company.

5 Operating deficit

	2020	2019
	£	£
Operating deficit for the year is stated after charging:		
Depreciation of owned tangible fixed assets	14,374	15,881
Amortisation of intangible assets	4,739	8,092
(Profit)/loss on disposal of intangible assets	-	12,213
Operating lease charges	149,820	132,817
	<u>168,933</u>	<u>156,903</u>

NEWHAM PARTNERSHIP WORKING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

6 Auditor's remuneration

	2020	2019
	£	£
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the company	15,500	15,000
For other services		
All other non-audit services	2,500	11,460

7 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2020	2019
	Number	Number
ICT	16	22
HR	12	18
Governor Services	9	7
School Support	5	5
Overheads	9	11
Training	4	5
Business Development Team	4	-
	59	68

Their aggregate remuneration comprised:

	2020	2019
	£	£
Wages and salaries	2,402,837	2,831,988
Social security costs	253,015	299,062
Pension costs	1,024,801	868,546
	3,680,653	3,999,596

Included within pension costs above are payments of £493,801 (2019: £488,546) made in the year and an adjustment of £531,000 (2019: £380,000) to align pension costs with those in the FRS 102 actuarial report prepared by Barnett Waddingham.

NEWHAM PARTNERSHIP WORKING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

8 Directors' remuneration

The number of directors for whom retirement benefits are accruing under defined benefit schemes amounted to 1 (2019 - 1).

Directors remuneration for the year totalled £75,106 (2019: £152,000), comprised of salary costs of £68,486 (2019: £126,253), pension contributions of £6,376 (2019: £25,503) and benefits in kind of £244 (2019: £244). No further fees were paid in respect of directors' services (2019: £Nil).

9 Interest payable and similar expenses

	2020	2019
	£	£
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	596	-
Other finance costs:		
Interest on net defined benefit pension liability	211,000	223,000
	<u>211,596</u>	<u>223,000</u>

10 Intangible fixed assets

	Software £
Cost	
At 1 April 2019	49,652
Additions - separately acquired	1,979
	<u>51,631</u>
At 31 March 2020	51,631
Amortisation and impairment	
At 1 April 2019	24,771
Amortisation charged for the year	4,739
	<u>29,510</u>
At 31 March 2020	29,510
Carrying amount	
At 31 March 2020	<u>22,121</u>
At 31 March 2019	<u>24,881</u>

Amortisation charges are included in 'Administrative expenses' in the Statement of Comprehensive Income.

NEWHAM PARTNERSHIP WORKING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

11 Tangible fixed assets

	Leasehold land and buildings	Fixtures and fittings	Computers	Total
	£	£	£	£
Cost				
At 1 April 2019	215,114	84,402	26,166	325,682
Additions	-	3,318	5,980	9,298
At 31 March 2020	215,114	87,720	32,146	334,980
Depreciation and impairment				
At 1 April 2019	198,159	78,831	22,608	299,598
Depreciation charged in the year	5,685	4,274	4,415	14,374
At 31 March 2020	203,844	83,105	27,023	313,972
Carrying amount				
At 31 March 2020	11,270	4,615	5,123	21,008
At 31 March 2019	16,955	5,571	3,558	26,084

12 Fixed asset investments

	Notes	2020 £	2019 £
Investments in subsidiaries	13	1	1

Movements in fixed asset investments

	Shares in group undertakings £
Cost or valuation	
At 1 April 2019 & 31 March 2020	1
Carrying amount	
At 31 March 2020	1
At 31 March 2019	1

NEWHAM PARTNERSHIP WORKING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

13 Subsidiaries

Details of the company's subsidiaries at 31 March 2020 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
The Education Space Limited	United Kingdom	Educational support services	Ordinary	100.00	-

The Education Space Limited, a company incorporated in England and Wales, remained dormant in the year to 31 March 2020.

14 Debtors

	2020	2019
	£	£
Amounts falling due within one year:		
Service charges due	206,491	228,519
Other debtors	96,104	79,091
Prepayments and accrued income	434,534	381,339
	<u>737,129</u>	<u>688,949</u>
Deferred tax asset (note 17)	51,353	31,439
	<u>788,482</u>	<u>720,388</u>

Debtors include an amount of £33,983 (2019: £33,983) which is due after more than one year.

15 Creditors: amounts falling due within one year

	2020	2019
	£	£
Trade creditors	447,143	443,180
Corporation tax	2,521	-
Other taxation and social security	76,776	110,520
Other creditors	101,679	113,630
Accruals and deferred income	849,787	602,706
	<u>1,477,906</u>	<u>1,270,036</u>

NEWHAM PARTNERSHIP WORKING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

16 Provisions for liabilities

	Notes	2020 £	2019 £
Deferred tax liabilities	17	150	73
Retirement benefit obligations	18	7,161,000	8,829,000
		<u>7,161,150</u>	<u>8,829,073</u>

17 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Liabilities 2020 £	Liabilities 2019 £	Assets 2020 £	Assets 2019 £
Balances:				
Accelerated capital allowances	150	73	-	-
Retirement benefit obligations	-	-	51,353	31,439
	<u>150</u>	<u>73</u>	<u>51,353</u>	<u>31,439</u>

	2020 £
Movements in the year:	
Liability/(Asset) at 1 April 2019	(31,366)
Credit to profit or loss	(19,837)
Liability/(Asset) at 31 March 2020	<u>(51,203)</u>

The deferred tax asset set out above is expected to reverse within 12 months and relates to the utilisation of tax losses against future expected profits of the same period. The deferred tax liability set out above is expected to reverse within 12 months and relates to accelerated capital allowances that are expected to mature within the same period.

NEWHAM PARTNERSHIP WORKING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

18 Retirement benefit schemes

Defined benefit schemes

The company operates a defined benefit scheme for qualifying employees.

On admission to the company the pensionable service of the eligible employees was transferred within the LGPS section of London Borough of Newham Pension Fund to Newham Partnership Working Limited, who are now responsible for the liabilities in respect of that service, and have been allocated assets in respect of them.

The agreed contribution rates for the future years is a base employers contribution of 17.0% plus 0.6% additional contribution by Newham Partnership Working Limited to recover the expected pension deficit over the next ten years. Members contribute between 5.5% and 11.4% of their base salary.

There are approximately 62 members.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 13 May 2020 by Barnett Waddingham LLP, Fellow of the Institute of Actuaries. The present value of the defined benefit obligation, the related current service cost and past service cost were measured using the projected unit credit method. Past service costs are recognised immediately in the income statement and actuarial gains and losses are recognised in other comprehensive income in the year in which they arise.

	2020	2019
	%	%
<i>Key assumptions</i>		
Discount rate	2.35	2.4
Expected rate of increase of pensions in payment	1.85	2.4
Expected rate of salary increases	4.15	4.7
RPI increases	2.65	2.4
CPI increases	1.85	2.3
	<u> </u>	<u> </u>
<i>Mortality assumptions</i>	2020	2019
Assumed life expectations on retirement at age 65:	Years	Years
Retiring today		
- Males	21.2	21.6
- Females	23.9	24.0
	<u> </u>	<u> </u>
Retiring in 20 years		
- Males	22.8	23.3
- Females	25.5	25.8
	<u> </u>	<u> </u>

NEWHAM PARTNERSHIP WORKING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

18 Retirement benefit schemes

(Continued)

	2020	2019
	£	£
<i>Amounts recognised in the profit and loss account</i>		
Current service cost	682,000	843,000
Net interest on defined benefit liability/(asset)	211,000	223,000
Other costs and income	263,000	8,000
Total costs	<u>1,156,000</u>	<u>1,074,000</u>

	2020	2019
	£	£
<i>Amounts taken to other comprehensive income</i>		
Actual return on scheme assets	809,000	(969,000)
Less: calculated interest element	297,000	292,000
Return on scheme assets excluding interest income	<u>1,106,000</u>	<u>(677,000)</u>
Actuarial changes related to obligations	<u>(3,516,000)</u>	<u>(85,000)</u>
Total costs/(income)	<u>(2,410,000)</u>	<u>(762,000)</u>

The amounts included in the balance sheet arising from the company's obligations in respect of defined benefit plans are as follows:

	2020	2019
	£	£
Present value of defined benefit obligations	18,445,000	21,467,000
Fair value of plan assets	<u>(11,284,000)</u>	<u>(12,638,000)</u>
Deficit in scheme	<u>7,161,000</u>	<u>8,829,000</u>

NEWHAM PARTNERSHIP WORKING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

18 Retirement benefit schemes

(Continued)

	2020 £
<i>Movements in the present value of defined benefit obligations</i>	
Liabilities at 1 April 2019	21,467,000
Current service cost	682,000
Past service cost	251,000
Benefits paid	(1,087,000)
Contributions from scheme members	140,000
Actuarial gains and losses	(3,516,000)
Interest cost	508,000
At 31 March 2020	18,445,000

The defined benefit obligations arise from plans which are wholly unfunded.

	2020 £
<i>Movements in the fair value of plan assets</i>	
Fair value of assets at 1 April 2019	12,638,000
Interest income	297,000
Return on plan assets (excluding amounts included in net interest)	(1,106,000)
Benefits paid	(1,087,000)
Contributions by the employer	414,000
Contributions by scheme members	140,000
Other	(12,000)
At 31 March 2020	11,284,000

The actual return on plan assets was £809,000 (2019 - £969,000).

	2020 £	2019 £
<i>Fair value of plan assets at the reporting period end</i>		
Equity instruments	6,232,000	7,244,000
Debt instruments	727,000	742,000
Property	1,352,000	1,277,000
Other bonds	798,000	1,017,000
Cash	425,000	1,343,000
Alternative assets	1,750,000	1,015,000
	11,284,000	12,638,000

NEWHAM PARTNERSHIP WORKING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

19 Members' liability

The company is limited by guarantee, not having a share capital and consequently the liability of members is limited, subject to an undertaking by each member to contribute to the net assets or liabilities of the company on winding up such amounts as may be required not exceeding £1.

20 Reserves

Pension reserve

The pension reserve represents the cumulative actuarial gains and losses on the defined benefit pension scheme, net of deferred tax. This reserve forms part of the overall distributable reserves.

Profit and loss reserves

The profit and loss reserve represents the cumulative profit and loss.

21 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2020	2019
	£	£
Within one year	153,238	133,280
Between two and five years	182,884	283,463
	<u>336,122</u>	<u>416,743</u>

22 Events after the reporting date

Local Government Pension Scheme

Newham Partnership Working has been in negotiation with London Borough of Newham and has now reached agreement to amend the Admissions and Service Agreements to treat the Local Government Pension Scheme (LGPS) as a 'passthrough' arrangement. Newham Partnership Working will no longer hold any liability for LGPS benefits held by Newham Partnership Working employees. The contribution to the scheme has been capped at 17.6%, with any shortfall being met by London Borough of Newham and any reduction to be recompensed. London Borough of Newham will take back all pension liabilities and this will no longer be shown as part of the profit and loss for the company. From April 2020 the pension liability of £7.16m and any additional deficit will be transferred to London Borough of Newham and therefore removed from the balance sheet of the company.

NEWHAM PARTNERSHIP WORKING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

23 Related party transactions

The remuneration of key management personnel in the year amounted to £384,362 (2019: £476,351).

During the year Newham Partnership Working Limited provided services to a number of member schools in the London Borough of Newham area. The schools had an employee working for them or a governing body member, who was also a director of Newham Partnership Working Limited. All of the aforementioned transactions were carried out on a normal commercial basis.

24 Ultimate controlling party

In the opinion of the directors there is deemed to be no one controlling party.

25 Cash generated from operations

	2020 £	2019 £
Deficit for the year after tax	(809,487)	(1,441,750)
Adjustments for:		
Taxation charged/(credited)	2,598	(262)
Finance costs	211,596	223,000
Investment income	(24,025)	(10,074)
(Gain)/loss on disposal of intangible assets	-	12,213
Amortisation and impairment of intangible assets	4,739	8,092
Depreciation and impairment of tangible fixed assets	14,374	15,881
Pension scheme non-cash movement	531,000	380,000
Movements in working capital:		
(Increase)/decrease in debtors	(48,180)	117,724
Increase in creditors	205,349	115,867
Cash generated from/(absorbed by) operations	<u>87,964</u>	<u>(579,309)</u>

26 Analysis of changes in net funds

	1 April 2019 £	Cash flows £	31 March 2020 £
Cash at bank and in hand	<u>468,287</u>	<u>100,116</u>	<u>568,403</u>