



**ANNUAL REPORT AND FINANCIAL
STATEMENTS
31st July 2020**

THURSDAY



AA9QP04H

A20

29/07/2021

#229

COMPANIES HOUSE

Table of Contents

REFERENCE & ADMINISTRATIVE INFORMATION	1
DIRECTORS' REPORT	2-6
INDEPENDENT AUDITOR'S REPORT	7-8
STATEMENT OF FINANCIAL ACTIVITIES (incorporating Income and Expenditure Account).....	9
COMPANY BALANCE SHEET	10
STATEMENT OF CASH FLOWS.....	11
NOTES TO THE FINANCIAL STATEMENTS	12-25

REFERENCE & ADMINISTRATIVE INFORMATION

Status

Newham Training and Education Centre (NEWTEC) is a charitable company limited by guarantee without share capital incorporated in England and Wales on 20th November 1989 and registered as a charity on 20th February 1990. The charity's governing document is its Memorandum and Articles of Association.

Directors

Elizabeth Laycock	Appointed as Interim Chair of the Board on 15 October 2019
Linda Jordan	
Nicola Blatchly-Lewis	
Marzieh Chipperfield	Resigned as a Trustee on 2 October 2019

Senior Leadership Team:

Chief Executive	Patrick Edwards	Retired 30 November 2019
Interim Business Operations Consultant	Pramod Philip	Commenced 5 November 2019
Director of Finance	Pieter Vermeulen	
Head of Stakeholder Engagement and Facilities Management	Simidele Akinsuyi	
Head of Commercial Operations	Coral Decourcy	

Company Secretary

Judith Nelson	Appointed 29 November 2019
Patrick Edwards	Resigned 29 November 2019

Registered office

22 Deanery Road, Stratford, London E15 4LP

Bankers

Bank of Scotland, St James's Gate, 14-16 Cockspur Street, London SW1Y 5BL

Solicitors

DAC Beachcroft LLP, Walbrook Building, 25 Walbrook, London EC4N 8AF

Irwin Mitchell LLP, Riverside East, 2 Millsands, Sheffield, S3 8DT

Auditor

RSM UK Audit LLP
Chartered Accountants
The Pinnacle
170 Midsummer Boulevard
Milton Keynes
Buckinghamshire MK9 1BP

DIRECTORS' REPORT

The directors, who are also the trustees of the charity, present their annual report (incorporating the Strategic Report) and the audited financial statements of Newham Training and Education Centre (NEWTEC) for the year ended 31st July 2020.

The financial statements have been prepared in accordance with accounting policies set out in the notes to the accounts and comply with the Charities Act 2011, the Companies Act 2006, and the 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) (second edition - October 2019) (effective 1 January 2019).

OBJECTIVES OF THE CHARITY

NEWTEC is a company limited by guarantee having charitable status. Its principal aims are:

- The education and training of people in East London;
- The provision of childcare services within East London;
- And particularly for those who through their social or economic circumstances find difficulty gaining access to these services.

NEWTEC takes care to promote and deliver high standards for safeguarding plus equality and diversity within all its activities. And safeguarding incidents or concerns are reported swiftly to the Directors, with Linda Jordan taking the lead on safeguarding issues for the Trustee Board.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Effective 30 July 2020, Newham College of Further Education, in its capacity as sole member of the NEWTEC, resolved to appoint 3 new members and relinquish their membership of NEWTEC. It was also agreed that the charitable company and Newham College of Further Education would no longer be subject to the terms of the Members Agreement as at the date of resignation.

NEWTEC has a Board of Directors who meet regularly to oversee NEWTEC's strategic direction, to ensure legislative compliance and to maintain financial probity. The directors of the company during the year and up to the date of this report are listed on page 1.

No director is employed by or has any interest in any contract with the charitable company. At 31st July 2020, the number of directors totalled three (31st July 2019: four).

The Directors consider the Board of Directors, who are the charitable company's Trustees, are in charge of the long-term strategic direction of the company. Day-to-day and short-term operational management is delegated to the Senior Leadership Team, the composition of which is listed at page 1.

There is regular liaison between the Interim Chair of the Board individually, plus the two other remaining Directors together, with the Interim Business Operations Consultant.

The pay and remuneration of the key management personnel is set by the Board of Directors.

PUBLIC BENEFIT

In planning and implementing the charitable company's activities the Directors have given careful consideration to the Charity Commission's general guidance on public benefit and in particular the supplementary public benefit guidance on advancing education.

REVIEW OF BUSINESS PERFORMANCE DURING THE YEAR ENDED 31 JULY 2020

The past financial year saw a great deal of financial and operational challenges for NEWTEC.

PROVISION OF CHILDCARE

NEWTEC has operated seven nursery settings within the London Borough of Newham, that provided 431 nursery places when at full capacity:

- Deanery Road, 104 places;
- Cumberland Road, 95 places;
- Mark Street, 57 places;
- East Ham, at Newham College of Further Education's campus, 57 places;
- Plaistow Day Nursery, 56 places;
- Children's Garden Nursery, University of East London (UEL), 45 places;
- Early Years Education Centre, 43 West Ham Lane, 17 places.

NEWTEC's nurseries all hold "Good" OFSTED ratings, except East Ham, which is rated "Outstanding".

In 2018, NEWTEC took out a lease on the Walthamstow Stadium nursery, being a 'shell and core' premises, with the intention of fitting these out and later operating a new nursery there. However, plans progressed slowly and it became clear to the Senior Leadership Team and the Trustees that NEWTEC was not in a position to complete the project given the difficulties that were being faced elsewhere in the business and the pace of the progress being made. Therefore, the Trustees decided the best course of action was to surrender the lease; this caps NEWTEC's costs and allows another nursery operator the chance to run a nursery there. The lease surrender was completed on 31 July 2020. The Trustees note thanks to Waltham Forest Councillors for their helpful engagement and support with this issue.

Prior to the coronavirus lockdown in late March 2020, the nurseries were operating well. During the lockdown period, we deliberately kept one setting, Deanery Road; open, albeit at reduced capacity. NEWTEC, as required, therefore continued to offer sufficient day care provision for key workers and others requiring childcare. Subsequently, we re-opened the University of East London nursery. We took care to operate with additional precautions around hygiene and distancing.

Most of the nursery staff were furloughed during the lockdown period but all returned to post on 1st September 2020. This allowed us to re-open all our settings, however the re-opening of East Ham was delayed until 1st October 2020 to allow time for essential major maintenance work at the campus. Nursery occupancy rates, as is only to be expected in the context of the coronavirus situation, are somewhat lower than pre-lockdown levels but we expect occupancy levels will improve over time.

The Trustees note their thanks to all NEWTEC staff who kept nursery provision going during lockdown, and also to colleagues at the London Borough of Newham who have been very supportive.

EDUCATIONAL AND TRAINING ACTIVITIES

The coronavirus lockdown presented us many challenges with the delivery of education. Some teaching activities were delivered online and via correspondence. However, we maintained some on-premises provision during lockdown, as we were mindful of our duty to provide education for learners, for example vulnerable learners or those without suitable IT equipment, who would find it impossible to study at home.

Adult education and training

With a marked decline in the volume of adult education and training being contracted from NEWTEC, we found it necessary to discontinue these activities and implement a programme of redundancies among the Adult Education division resulting in a number of teaching professionals leaving NEWTEC in autumn and winter 2019.

Higher Education

During the financial year, NEWTEC delivered a Foundation Degree in Early Years and Early Years Leadership and Management in collaboration with Kingston University. As in previous years, this delivery went well.

DIRECTORS' REPORT AND ACCOUNTS FOR YEAR ENDED 31ST JULY 2020

Young people 16-19

Our activities here focused on:

- Health, Public Services & Care (Early Years and Health & Social Care) – study programmes that include English, Maths, Employability, Business Administration, Early Years and Health & Social Care as well as British Values.
- Preparation for Life and Work – this broad curriculum area includes Functional Skills English and Maths; GCSEs in English and Maths, employability, job search, vocational guidance and job preparation.

Some of the teaching activities for young people 16-19 were delivered by NEWTEC's own teachers and some via subcontractors.

Apprenticeships

NEWTEC delivered 16-18 & Adult Apprenticeships in: Childcare and Health & Social Care, IT, Digital media, and Business Administration. However, with many Apprenticeship providers we noticed a marked reduction in demand.

OTHER ACTIVITIES

Room hire

Additional income is being generated by hiring out underutilised rooms, as an incidental activity for the charity.

Staffing Matters

This is an in-house staffing agency that caters for professionals in the Childcare and Health & Social Care sector. It has sourced temporary childcare and teaching professionals for NEWTEC itself and for external organisations. In context of the planned closure of educational operations and difficult market conditions generally, the decision was taken to close Staffing Matters in spring 2020.

Fundraising

No fundraising activities were conducted during the financial year ended 31 July 2020 by NEWTEC directly or organisations on behalf of NEWTEC. The charity's income was from its operational activities.

FINANCIAL REVIEW, FINANCIAL CHALLENGES, AND NEWTEC'S RESPONSES THERETO

Context

NEWTEC made a loss of around £1.5 million in the financial year ended 31 July 2019. With operating losses in the first six months of the financial year ended 31 July 2020 and significant liabilities having built up, the Trustees felt it was necessary to take drastic steps to keep the company solvent in the short-term and continue the charitable mission in the long-term.

Financial performance

In the twelve months ended 31st July 2020, NEWTEC made an operating deficit of £872k, before adjusting for the release of capital grants received in previous years and part of accumulated reserves brought forward.

There was a confluence of issues causing this deficit, including the loss of adult education contracts, decline in learner numbers, and costs relating to the surrender of a lease. The coronavirus lockdown meant we had a small fraction of the previous number of fee-paying nursery children.

Reconciliation of deficit	
	£'000
Operating Deficit	-872
Depreciation in respect of assets financed by Capital Grants recognised in the SOFA in a prior year	-125
Net expenditure per the SOFA	-997

DIRECTORS' REPORT AND ACCOUNTS FOR YEAR ENDED 31ST JULY 2020

Reserves and cash holding policy

During the financial year and before the refinancing took place, NEWTEC found significant difficulties with working capital. NEWTEC acknowledges the most helpful financial assistance provided by the former parent entity, Newham College of Further Education, and ensured that the inter-company debt of £332,742 was paid off immediately after the new loan funds arrived.

The current level of unrestricted reserves is £3,133k of which £5,127k is represented by fixed assets. In 2004, NEWTEC was awarded a capital grant by the London Development Agency with these funds used to construct the 1 Mark Street building. Certain covenants attached to the grant for a period of 20 years from the grant's inception. The Greater London Authority, the successor body to LDA, kindly released NEWTEC from those covenants in May 2020 and as such the related assets moved from being restricted to unrestricted in the year.

Our current cash holding policy is to aim for at least three months' expenditure to be held as cash at bank.

Re-financing

Whilst NEWTEC has had significant fixed assets via its freehold building at 1 Mark Street, the lack of working capital was serious and jeopardising the financial survival of the company as a whole. With a limited bank overdraft facility available, the Interim Business Operations Consultant, at the direction of the Trustees, sought and arranged a £2 million loan from Ortus Secured Finance, with the Mark Street freehold building used as security collateral.

GOING CONCERN

In April 2020 the Board of Directors took the decision to wind down all of the activities of NEWTEC over the following 12 to 24 months to cessation and as such have concluded that it is no longer appropriate to prepare the financial statements of NEWTEC on a going concern basis. During the year the following has happened in relation to the cessation of activities:

Closure of education and training activities with effect 31 July 2020

NEWTEC's teaching activities created a significant loss during the year ended 31 July 2019 and continued to be loss-making during the this financial year. Recruitment of new learners had been difficult. Therefore, the Trustees took the decision in early 2020 that there was no choice but to implement an orderly wind-down then cessation of teaching activities at 31 July 2020. The Senior Leadership Team therefore worked with the Education and Skills Funding Agency and their Change Provider Team, in particular, to implement the transition. A further programme of redundancies resulted in our remaining teaching staff leaving NEWTEC on or before 31 July 2020.

Transfer of nursery operations to another provider

As a result of the coronavirus lockdown, all nursery operators nationwide have experienced significant financial difficulties due to the loss of nursery fee income whilst fixed costs remain at their relatively high levels. Many parents are understandably cautious about returning their children to nursery. Some parents are now working from home extensively, so no longer need day care for their children.

The Trustees felt the long-term delivery of childcare provision would be served better by the NEWTEC nursery settings being transferred to another operator with good financial strength plus operational capability for the nurseries to continue to provide public benefit to their local communities. Therefore, towards the end of the financial year, NEWTEC started exploratory discussions with a number of other nursery providers to transfer some of the nursery settings within NEWTEC to other parties. In order to achieve this, the nurseries have continued to trade throughout the year and into the new financial period.

Post year end, heads of terms were agreed with two organisations to facilitate the transfer of four of the nursery settings from NEWTEC. As of 1st July 2021, three of the nursery settings were closed and four transferred to new operators.

Sale of 1 Mark Street

With the closure of operations, NEWTEC's freehold building, at 27,000 square feet, is no longer required by the charity. The Trustees therefore took the decision to sell the building. The first call on the sale proceeds will be the settlement of the loan secured thereupon. A boundary error, dating back from 2003 when the land for 1 Mark Street was purchased, was corrected with the kind help of the London Borough of Newham.

Post year end an offer has been accepted on the property and the transaction to sell the property is ongoing.

DIRECTORS' REPORT AND ACCOUNTS FOR YEAR ENDED 31ST JULY 2020

Risk Management

The Trustees consider business risks regularly. The principal risk during the twelve months ended 31 July 2020 was financial. As a result, NEWTEC worked hard to bring in the £2 million loan to provide essential working capital. The challenge for NEWTEC is to continue to remain cashflow positive until the 1 Mark Street building has been sold.

Statement as to Disclosure of Information to Auditors

The directors who were in office on the date of the approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditors are unaware. Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditors.

Statement of Directors' Responsibilities

The directors (who are also the trustees of NEWTEC for the purpose of charity law) are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

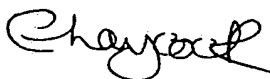
Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including income and expenditure of the charitable company for that period.

In preparing these financial statements, the directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. observe the methods and principles in the Charities SORP;
- c. make judgements and estimates that are reasonable and prudent;
- d. state whether applicable UK accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- e. prepare the financial statements on the going concern basis unless it is not appropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that disclose, with reasonable accuracy at any time, the financial position of the charitable company and enable them to ensure that the financial statements comply with the requirements of 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.

By order of the Board



.....
Elizabeth Laycock (Director)

19 July 2021

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF NEWHAM TRAINING AND EDUCATION CENTRE

Opinion

We have audited the financial statements of Newtec Training and Education Centre (the 'charitable company') for the year ended 31 July 2020 which comprise the Statement of Financial Activities (incorporating Income and Expenditure Account), the Balance Sheet, the Cash Flow Statement 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 charitable company's affairs as at 31 July 2020 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 Auditor's 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.

Emphasis of matter – non going concern basis of accounting

We draw attention to note 1 of the financial statements which describes the preparation of the financial statements on a non-going concern basis. As described in note 1, due to the Directors' decision to wind down all the activities of the charity, the Directors have concluded that it is no longer appropriate to prepare the financial statements on a going concern basis. Preparation of the financial statements on a basis other than going concern has resulted in the impairment of the intangible fixed assets and the recognition of additional provisions. Our opinion is not modified in respect of this matter.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Directors' 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.

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 Directors' Report, which includes the Directors' Report and the Strategic Report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report and the Strategic Report included within the Directors' Report has been prepared in accordance with applicable legal requirements.

DIRECTORS' REPORT AND ACCOUNTS FOR YEAR ENDED 31ST JULY 2020

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 Directors' Report or the Strategic Report included within 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.

Responsibilities of directors

As explained more fully in the Statement of Directors' responsibilities set out on page 6, 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 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 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 directors either intend to liquidate the charitable 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.

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 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 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.

SARAH MASON (Senior Statutory Auditor)
For and on behalf of RSM UK AUDIT LLP Statutory Auditor
Chartered Accountants
The Pinnacle
170 Midsummer Boulevard
Milton Keynes
Buckinghamshire
MK9 1BP
Date 21 July 2021

RSM UK Audit LLP

DIRECTORS' REPORT AND ACCOUNTS FOR YEAR ENDED 31ST JULY 2020

STATEMENT OF FINANCIAL ACTIVITIES (incorporating Income and Expenditure Account)

FOR YEAR ENDED 31ST JULY 2020

		Continuing Operations				
		Restricted funds	Unrestricted funds	Discontinued operations	Total 2020	Total 2019
Note		£	£	£	£	£
Income from:						
Other trading activities:						
Training room hire	2	-	109,388	-	109,388	185,474
Charitable activities	3	1,020,683	1,984,497	1,648,484	4,653,664	5,941,766
Total income		1,020,683	2,093,885	1,648,484	4,763,052	6,127,240
Expenditure on:						
Charitable activities:						
Social enterprise activities	4(a)	1,020,683	2,597,505	-	3,618,188	3,703,064
Learning and employment	4(b)	-	-	2,141,430	2,141,430	3,919,164
Total expenditure		1,020,683	2,597,505	2,141,430	5,759,618	7,622,228
Net expenditure for the year		-	(503,620)	(492,946)	(996,566)	(1,494,988)
Fund balances brought forward at 1st August 2019		-	1,021,944	3,107,218	4,129,162	5,624,150
Fund balances carried forward at 31st July 2020		-	518,324	2,614,272	3,132,596	4,129,162

Discontinued operations includes income of £122,796 (2019: £109,216) and expenditure of £183,661 (2019: £170,081) relating to restricted funds. Funds from discontinued activities at the end of the financial period contains £nil (2019: £3,033,926) that were restricted. During the year restricted funds of £2,973,061 in relation to the discontinued activity transferred to unrestricted funds and details of this transfer can be found in note 14.

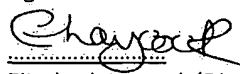
DIRECTORS' REPORT AND ACCOUNTS FOR YEAR ENDED 31ST JULY 2020

COMPANY BALANCE SHEET

AS AT 31ST JULY 2020

	Note	£	2020 £	£	2019 £
Fixed assets					
Intangible assets	7		-		17,996
Tangible assets	8		5,126,958		5,343,551
Investments	9		3		3
			<u>5,126,961</u>		<u>5,361,550</u>
Current assets					
Debtors	10	251,360		661,909	
Cash at bank and in hand		<u>491,148</u>		<u>410</u>	
		742,508		662,319	
Creditors - amounts falling due within one year	11(a)	<u>2,422,572</u>		<u>1,561,965</u>	
Net current liabilities			<u>(1,680,064)</u>		<u>(899,646)</u>
Total assets less current liabilities			<u>3,446,897</u>		<u>4,461,904</u>
Creditors - amounts falling due after one year					
	11(b)		-		(332,742)
Provisions for liabilities	12		(314,301)		-
Net assets			<u>3,132,596</u>		<u>4,129,162</u>
Reserves					
Unrestricted funds	13		3,132,596		1,095,236
Restricted funds	14		-		3,033,926
			<u>3,132,596</u>		<u>4,129,162</u>

The financial statements on page 9 to 25 were approved and authorised for issue on 19 July 2021 by the Board and signed on their behalf by:


Elizabeth Laycock (Director)

DIRECTORS' REPORT AND ACCOUNTS FOR YEAR ENDED 31ST JULY 2020

STATEMENT OF CASH FLOWS
FOR YEAR ENDED 31ST JULY 2020

	Note	2020 £	2019 £
Net cash (used in)/from operating activities	16	(1,106,243)	29,859
Investing activities			
Purchase of tangible fixed assets		-	(75,810)
Purchase of intangible fixed assets		-	(11,142)
Net cash used in investing activities		-	(86,952)
Financing activities			
Proceeds from new bank loans		2,000,000	-
Repayment of bank loans		(6,401)	(25,079)
Repayment of other borrowings		(370,000)	-
Net cash from/ (used in) financing activities		1,623,599	(25,079)
Net increase/(decrease) in cash and cash equivalents		517,356	(82,172)
Cash and cash equivalents at the start of the year		(26,208)	55,964
Cash and cash equivalents at the end of the year		491,148	(26,208)
Relating to:			
Bank balances included in cash at bank and in hand		491,148	410
Bank overdrafts included in creditors amounts falling due within one year	11	-	(26,618)
		491,148	(26,208)

NOTES TO THE FINANCIAL STATEMENTS

FOR YEAR ENDED 31ST JULY 2020

1. Accounting Policies

Basis of accounting

The financial statements of the charitable company have been prepared under the historical cost convention. The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by 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) (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The charitable company constitutes a public benefit entity as defined by FRS 102.

The financial statements are prepared in sterling, which is the functional currency of the charitable company. Monetary amounts in these financial statements are rounded to the nearest £1 unless otherwise specified.

Going Concern

In April 2020 the Board of Directors took the decision to wind down all of the activities of NEWTEC over the following 12 to 24 months to cessation of trading and as such have concluded that it is no longer appropriate to prepare the financial statement of NEWTEC on a going concern basis. During the year the following has happened in relation to the cessation of activities:

Discontinued Operations

The Trustees took the decision in early 2020 that there was no choice but to implement an orderly wind-down then cessation of learning and employment activities at 31 July 2020. The Senior Leadership Team therefore worked with the Education and Skills Funding Agency and their Change Provider Team, in particular, to implement the transition. An analysis of the discontinued operations has been disclosed on the face of the Statement of Financial Activities. Further analysis of the income and expenditure related to discontinued operations can be seen in notes 3b and 4b.

Transfer of nursery operations to another provider

Towards the end of the financial year, NEWTEC started exploratory discussions with a number of other nursery providers to transfer some of the nursery settings within NEWTEC to other parties. In order to achieve this, the nurseries have continued to trade throughout the year and into the new financial period.

Post year end, heads of terms were agreed with two organisations to facilitate the transfer of four of the nursery settings from NEWTEC. Post 31 July 2020 it became clear that three of the settings would have to close and the charity was in the unfortunate position of having to undertake a process of redundancy for some of its staff. The total cost of the redundancies was £108,363 and no provision has been recognised in these financial statements for this amount as it had not been confirmed that any redundancies would be necessary at 31 July 2020 and therefore no commitment existed at this point. As of 1st July 2021, three of the nursery settings were closed and four transferred to new operators. In the case of the nurseries that have been transferred to other operators, these have been transferred as actively trading entities. All assets, staff and leases relating to these settings have been transferred to the new operators.

Sale of 1 Mark Street

During the financial year the property held by NEWTEC at 1 Mark Street was marketed for sale. Post year end an offer has been accepted on the property and the transaction to sell the property is ongoing.

DIRECTORS' REPORT AND ACCOUNTS FOR YEAR ENDED 31ST JULY 2020

Re-financing

Whilst NEWTEC has had significant fixed assets via its freehold building at 1 Mark Street, the lack of working capital was serious and jeopardising the financial survival of the company as a whole. With a limited bank overdraft facility available, the Interim Business Operations Consultant, at the direction of the Trustees, sought and arranged a £2 million loan from Ortus Secured Finance, with the Mark Street freehold building used as security collateral.

As the activities to close down the charity have continued it has become necessary to extend the facility with Ortus Secured Finance and an additional £250k was added to the loan on 14th May 2021. The sale of the Mark Street property is necessary in order to fund the repayment of the loan, as this has not happened by the repayment date of 1st July the charity is currently in default of the agreed terms and conditions. The loan provider is aware of the ongoing sale of the property and the Trustees are undertaking their best endeavours to expediate the sale of the property and repay the loan.

Adjustments

As a result of the application of the non-going concern basis of accounting the following adjustments have been made to these financial statements:

- The intangible assets have been impaired down to their net realisable value of £nil resulting in a £11,309 impairment charge.
- Some of the operating leases were not expected to be transferred with the active nursery settings and an onerous lease provision of £270,301 has been recognised in these financial statements to reflect this.
- Further liabilities of £15,218 have crystallised as result of the decision to wind down the activities of the charity and these have been recognised in these financial statements.

Group financial statements

These financial statements present the financial results of the charitable company only and do not consolidate those of its wholly owned subsidiary, Newtec Services Ltd, which has remained dormant throughout the year.

Income

Donations, training room hire, childcare fees and grants are recognised when the SORP income recognition criteria of entitlement, probability and measurement have been met. Revenue grants are credited to income in the year to which they relate. Grants received (including government grants) or applied for the purchase of fixed assets are credited to income in full in the year in which the charity has met any performance conditions and receipt is probable.

Expenditure

Expenditure is recognised on an accruals basis as a liability is incurred and includes any VAT which cannot be fully recovered and is reported as part of the expenditure to which it relates.

Staff costs are apportioned between course costs, support costs, fund-raising and publicity and management and administration on the basis of time is 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.

Governance costs comprise the statutory and constitutional costs of governing the charity and include external audit fees and an appropriate proportion of the Chief Executive's costs and these are included in support costs.

Support costs are allocated between charitable activities using apportionment based on salary costs.

DIRECTORS' REPORT AND ACCOUNTS FOR YEAR ENDED 31ST JULY 2020

Taxation

The company is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK Corporation tax purposes. Accordingly the company is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part II Corporation Tax Act or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Intangible fixed assets – other than goodwill

Purchased intangible assets are recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably. Intangible assets are initially recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Intangible assets are amortised to the Statement of Financial Activities on a straight-line basis over their useful lives, as follows:-

Computer software & website costs	25% per annum
-----------------------------------	---------------

Tangible fixed assets

Expenditure on items costing £500 and over is capitalised in the year of acquisition. Items costing less than that are to be written off to the Statement of Financial Activities.

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses. With the exception of land, depreciation is provided on all tangible fixed assets at rates calculated to write off the cost of each asset to its estimated residual value on a straight line basis over its expected useful life, as follows:-

Freehold Buildings	15% per annum
Leasehold Buildings	over term of the lease
Building works	2-15% per annum
Computers	25% per annum
Fixtures, fittings & equipment	15% per annum
Motor vehicle	25% per annum

Full year of depreciation is charged in year of purchase.

Impairment of fixed assets

An assessment is made at each reporting date of whether there are indications that a fixed asset may be impaired or that an impairment loss previously recognised has fully or partially reversed. If such indications exist, an estimate is made of the recoverable amount of the asset.

Shortfalls between the carrying value of fixed assets and their recoverable amounts, being the higher of fair value less costs to sell and value-in-use, are recognised as impairment losses.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Reversals of impairment losses are recognised in the Statement for Financial Activities. On reversal of an impairment loss, the depreciation or amortisation is adjusted to allocate the asset's revised carrying amount (less any residual value) over its remaining useful life.

DIRECTORS' REPORT AND ACCOUNTS FOR YEAR ENDED 31ST JULY 2020

Financial instruments

Financial instruments are classified and accounted for according to the substance of the contractual arrangement as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its liabilities.

Financial assets

Basic financial assets, which include trade debtors, other debtors, accrued income, amounts due from the parent undertaking and other debtors, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost.

Financial liabilities

Basic financial liabilities, which include bank overdraft, loans, trade creditors, accruals, deferred income and NCFE long term balance, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost.

Funds

Restricted funds comprise monies where a restriction has been placed on their use by a donor (for a purpose which falls within, but is narrower than the general charitable objectives). Restricted funds are distributed in accordance with the terms of the original restriction.

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

Designated funds are unrestricted funds earmarked for particular purposes by the Board of Directors.

Leases

All leases are considered to be operating leases and rentals are charged to the Statement of Financial Activities on a straight line basis over the lease term.

Defined contribution pension scheme

For defined contribution schemes the amount charged to the Statement of Financial Activities is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

Critical accounting estimates and assumptions

In the application of the charitable 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.

DIRECTORS' REPORT AND ACCOUNTS FOR YEAR ENDED 31ST JULY 2020

2. Income from other trading activities

	2020 £	2019 £
Training room hire	109,388	185,474

In 2020, income from other trading activities was £109,388 (2019: £185,474) all of which related to income from unrestricted funds.

3. Income from charitable activities

	2020 £	2019 £
<u>a) Social enterprise income</u>		
Childcare fees	1,631,361	2,159,892
Other misc income	279,541	105,365
	<u>1,910,902</u>	<u>2,265,257</u>
<u>b) Learning and employment income</u>		
Continuing Operations		
London Borough of Newham	1,020,683	1,125,611
Discontinued operations		
Government grants:		
ESFA - Revenue	1,327,083	1,506,583
Apprenticeship Programme	183,462	287,496
NCFE 19+	-	381,944
19+ AEB - Revenue	(33,593)	111,065
HE Contracts	122,796	109,216
South Essex College	-	9,730
24+ Loans/Tuition Fees	48,736	55,892
Other	-	-
	<u>2,669,167</u>	<u>3,587,537</u>
Newtec Recruitment	73,595	88,972
	<u>2,742,762</u>	<u>3,676,509</u>
Total income from charitable activities	<u>4,653,664</u>	<u>5,941,766</u>

In 2020, total income from charitable activities was £4,653,664 (2019: £5,941,766) of which £3,510,185 (2019: £4,706,939) related to income from unrestricted funds and £1,143,479 (2019: £1,234,827) was from restricted funds.

DIRECTORS' REPORT AND ACCOUNTS FOR YEAR ENDED 31ST JULY 2020

4. Expenditure on charitable activities

(a) Social enterprise activities

	Total 2020	Total 2019
<u>Staffing costs</u>		
Salaries & wages	1,270,993	1,424,099
Temporary staff	254,618	281,078
Other staff costs	13,416	11,877
	1,539,027	1,717,054
<u>Other costs</u>		
Food costs	86,082	111,389
Other direct costs	30,866	74,180
Support costs	1,947,722	1,780,603
	2,064,670	1,966,172
<u>Governance costs</u>		
Professional fees	10,827	16,174
Governance assistance (Chief Executive)	3,664	3,664
	14,491	19,838
Total social enterprise costs	3,618,188	3,703,064

DIRECTORS' REPORT AND ACCOUNTS FOR YEAR ENDED 31ST JULY 2020

4. Expenditure on charitable activities (continued)

(b) Learning and employment – discontinued operations

	Newtec Recruitment	Young Learners Services	Adult Learners Services	Total 2020 £	Total 2019 £
<u>Staffing Costs</u>					
Salaries & Wages	55,573	280,465	156,853	492,891	932,242
Temporary Staff	82,411	11,782	483	94,676	156,838
Other Staff Costs	-	2,638	60,977	63,615	1,918
	<u>137,984</u>	<u>294,885</u>	<u>218,313</u>	<u>651,182</u>	<u>1,090,998</u>
<u>Other costs</u>					
External Course costs	-	493,415	193,663	687,078	1,459,424
Student Travel Costs	-	-	172	172	1,335
Other Student Support	-	60,835	3,918	64,753	67,554
Course Books & Materials	-	113	-	113	338
Exam fees	-	30,470	30,470	60,940	94,881
Office Costs	-	30,093	9,276	39,369	19,181
Allocated overheads	70,280	354,687	198,362	623,329	1,165,616
	<u>70,280</u>	<u>969,613</u>	<u>435,861</u>	<u>1,475,754</u>	<u>2,808,329</u>
<u>Governance costs</u>					
Professional fees				10,830	16,173
Governance assistance (Chief Executive)				3,664	3,664
				<u>14,494</u>	<u>19,837</u>
Total learning and employment costs	<u>208,264</u>	<u>1,264,498</u>	<u>654,174</u>	<u>2,141,430</u>	<u>3,919,164</u>
Total expenditure on charitable activities				<u>5,759,618</u>	<u>7,622,228</u>

In 2020, the expenditure on charitable activities was £5,759,618 (2019: £7,622,228) of which £4,555,274 (2019: £6,326,536) was expenditure from unrestricted funds and £1,204,344 (2019: £1,295,692) was from restricted funds.

DIRECTORS' REPORT AND ACCOUNTS FOR YEAR ENDED 31ST JULY 2020

5. Net expenditure for the year

	2020	2019
	£	£
This is stated after charging:		
Operating lease payments	739,913	280,572
Depreciation of owned assets	139,411	161,040
Loss on disposal of fixed assets	77,182	-
Interest charged for NCFE balance	37,260	5,001
Amortisation of intangible assets	6,687	4,612
Impairment of intangible assets	11,309	-
Arrangement and interest fees recognised for Ortus Loan	67,548	-
Auditor's remuneration in respect of financial statement audit services	14,340	14,520

6. Staff costs

	2020	2019
	£	£
Salaries	2,019,060	2,758,325
Social security costs	166,124	233,161
Pension costs	86,888	117,714
Redundancy costs	93,410	14,204
Temporary staff	560,649	498,428
	<u>2,926,131</u>	<u>3,621,832</u>

The key management personnel of the charitable company comprise the directors and the CEO.

The total employee benefits of the key management personnel of the charitable company were £80,021 (2019: £102,506) including employer's national insurance payments of £6,052 (2019: £10,551).

No directors received any emoluments in their capacity as directors of the charitable company.

No amounts were reimbursed to the directors for expenses for 2020 (2019 - £nil). One employee's emoluments were greater than £60,000 in the year, these were in the range £60,001 to £70,000 (2019: one in the range £80,001 to £90,000).

The average number of employees in the year was:

	2020 Average Number	2019 Average Number
Social enterprise staff	123	114
Learning and employment staff	25	32
Other support services staff	12	11
	<u>160</u>	<u>157</u>

DIRECTORS' REPORT AND ACCOUNTS FOR YEAR ENDED 31ST JULY 2020

7. Intangible fixed assets

	Computer software & website £	Total £
Cost:		
1st August 2019	45,709	45,709
31st July 2020	45,709	45,709
Amortisation:		
1st August 2019	27,713	27,713
Charged in the year	6,687	6,687
Impairment	11,309	11,309
31st July 2020	45,709	45,709
Net Book Value:		
As at 31st July 2020	-	-
As at 31st July 2019	17,996	17,996

The amortisation and impairment charges for the year have been recognised within expenditure on charitable activities.

8. Tangible fixed assets

	Freehold Land & Buildings £	Leasehold Buildings £	Computers £	Fixtures, Fittings & Equipment £	Motor Vehicle £	Total £
Cost:						
1st August 2019	6,789,038	1,538,127	81,875	93,416	21,311	8,523,767
Additions	-	-	-	-	-	-
Disposals	-	(74,789)	-	(27,737)	(21,311)	(123,837)
31st July 2020	6,789,038	1,463,338	81,875	65,679	-	8,399,930
Depreciation:						
1st August 2019	1,919,366	1,112,843	81,875	55,477	10,655	3,180,216
Charged in the year	115,284	17,736	-	6,391	-	139,411
Depreciation on Disposal		(14,365)	-	(21,635)	(10,655)	(46,655)
31st July 2020	2,034,650	1,116,214	81,875	40,233	-	3,272,972
Net Book Value:						
As at 31st July 2020	4,754,388	347,124	-	25,446	-	5,126,958
As at 31st July 2019	4,869,672	425,284	-	37,939	10,656	5,343,551

If the land valued at £1,000,000 were stated at the historical cost amount, it would be included at a carrying value of £650,000.

DIRECTORS' REPORT AND ACCOUNTS FOR YEAR ENDED 31ST JULY 2020

9. Investments

	2020	2019
	£	£
3 ordinary shares (100%) in a subsidiary company,	<u>3</u>	<u>3</u>

The subsidiary company, NEWTEC Services Ltd, is dormant and has net assets of £3. The principal activity of the company was the hire of premises and catering associated with the hire; however, it has been dormant for the entire financial period.

The subsidiary is carried in the accounts at original nominal value.

10. Debtors

	2020	2019
	£	£
Trade debtors	71,371	124,400
Accrued income	80,669	390,626
Prepayments	84,320	99,383
Other debtors	15,000	47,500
	<u>251,360</u>	<u>661,909</u>

The other debtors balance consists fully of rental deposits.

11. Creditors

	2020	2019
	£	£
(a) Due within one year		
Bank overdraft	-	26,618
Other Loans	2,067,548	6,401
Trade creditors	33,578	88,334
Taxation and social security	50,377	83,623
Amounts due to group entity	-	453,741
Accruals and deferred income	255,850	402,504
Other creditors	15,219	500,744
	<u>2,422,572</u>	<u>1,561,965</u>

Deferred income comprises retainers received in advance of £6,820 (2018: £13,529).

	2020	2019
	£	£
(b) Due after one year		
NCFE loan	<u>-</u>	<u>332,742</u>
	<u>-</u>	<u>332,742</u>

DIRECTORS' REPORT AND ACCOUNTS FOR YEAR ENDED 31ST JULY 2020

11. Creditors (continued)

The other loan are repayable in the following instalments

	2020	2019
	£	£
-within one year	2,067,548	6,401
	<u>2,067,548</u>	<u>6,401</u>

The Lloyds bank loan was paid off in the year (2019: £6,401) and there is no longer a legal charge over Mark Street building.

The NCFE loan was also fully paid and all the interest charges payable up to 31 July 2020 recognised in the year.

The Ortus Loan of £2,067,548 (2019: £nil) is secured by a fixed and floating charge over all assets (lodged at Companies House 2nd July 2020).

Following Terms and Conditions apply;

- The Loan is repayable to the lender at the end of 12 months from the drawdown date being 1st July 2020
- The Interest Rate per month 0.90%
- Financial covenant: The Loan outstanding from time to time shall not exceed 49% of the Property value

12. Provisions for liabilities

	Dilapidations	Onerous Leases	Total
	£	£	£
At 1 August 2019	-	-	-
Additional provision in the year	44,000	270,301	314,301
At 31 July 2020	<u>44,000</u>	<u>270,301</u>	<u>314,301</u>

The provision for dilapidations relates to an assessment of potential costs that will be incurred when one of the leased premises is vacated. The provision is based on an estimate of costs to be incurred when the current lease expires in May 2022.

The provision for onerous leases relates to obligations arising from the ongoing lease for one former premises and other equipment leases that were not part of the business that was transferred to new providers.

13. Unrestricted funds

	1st Aug. 2019	Income	Expenditure	Transfer	31st Jul. 2020
	£	£	£	£	£
General funds	1,095,236	3,619,573	(4,555,274)	2,973,061	3,132,596
	<u>1,095,236</u>	<u>3,619,573</u>	<u>(4,555,274)</u>	<u>2,973,061</u>	<u>3,132,596</u>

DIRECTORS' REPORT AND ACCOUNTS FOR YEAR ENDED 31ST JULY 2020

14. Restricted funds

	1st Aug. 2019	Income	Expenditure	Transfer	31st Jul. 2020
	£	£	£	£	£
SRB - Capital	3,033,926	-	(60,865)	(2,973,061)	-
London Borough of Newham	-	1,020,683	(1,020,683)	-	-
Kingston University	-	122,796	(122,796)	-	-
	3,033,926	1,143,479	(1,204,344)	(2,973,061)	-

Description of Restricted Funds

SRB Capital – Grant for Mark Street Land and Building

London Borough of Newham – Early Education Entitlement Grant (EEEG) funded by London Borough of Newham.

Kingston University – Delivery of foundation degree in early years Leadership and Management.

Transfers between funds

During the year, a successor body to the original funder of the SRB Capital grant executed a deed of release lifting the original restrictions imposed on the property by the funder. On 22nd June 2020 the related charge that was held over the property was also lifted. As a result, a transfer has therefore been made to move these funds from restricted funds to unrestricted funds reflecting the lifting of the restrictions on the asset.

15. Analysis of net assets between funds

	Unrestricted Funds	Restricted Funds	Total
	£	£	£
Intangible fixed assets	-	-	-
Tangible fixed assets	5,126,958	-	5,126,958
Investments	3	-	3
Current assets	742,508	-	742,508
Current liabilities	(2,422,572)	-	(2,422,572)
	3,446,897	-	3,446,897
Long term liabilities	(314,301)	-	(314,301)
Net assets at 31st July 2020	3,132,596	-	3,132,596

15. Analysis of net assets between funds - previous year

	Unrestricted Funds	Restricted Funds	Total
	£	£	£
Intangible fixed assets	17,996	-	17,996
Tangible fixed assets	2,220,115	3,123,436	5,343,551
Investments	3	-	3
Current assets	660,340	1,979	662,319
Current liabilities	(1,470,476)	(91,489)	(1,561,965)
	1,427,978	3,033,926	4,461,904
Long term liabilities	(332,742)	-	(332,742)
Net assets at 31st July 2019	1,095,236	3,033,926	4,129,162

DIRECTORS' REPORT AND ACCOUNTS FOR YEAR ENDED 31ST JULY 2020

16. Reconciliation of net expenditure to net cash (used in)/ from operations

	2020 £	2019 £
Net expenditure	(996,566)	(1,494,988)
Depreciation of tangible fixed assets	139,411	161,038
Amortisation of intangible fixed assets	6,687	4,612
Impairment of intangible fixed assets	11,309	-
Loss on disposal of fixed assets	77,181	-
Interest payable	104,808	5,001
Operating cash flows before movements in working capital	(657,169)	(1,324,337)
Decrease in trade and other debtors	410,549	429,682
(Decrease)/increase in trade and other creditors	(1,173,924)	924,514
Increase in provisions	314,31	-
Cash (used in)/ from operations	(1,106,243)	29,859

17. Analysis of changes in net debt

	Notes	At 1 August 2019 £	Cash flows £	Other non-cash movements £	At 31 July 2020 £
Cash at bank and in hand		410	490,738	-	491,148
Bank overdrafts	11	(26,618)	26,618	-	-
Bank and other loans	11	(6,401)	(1,993,599)	(67,548)	(2,067,548)
Debt due within 1 year		(33,019)	(1,966,981)	(67,548)	(2,067,548)
Other loans	11	(332,742)	370,000	(37,258)	-
Debt due after 1 year		(332,742)	370,000	(37,258)	-
Total net debt		(365,351)	(1,106,243)	(104,806)	(1,576,400)

18. Capital commitments

At 31st July 2020, the company had £nil capital commitments (2019: £200k capital commitments regarding Walthamstow Training Nursery).

19. Pension commitments

The company contributes towards the personal pensions of a group defined contribution scheme for participating employees. NEWTEC contributes 5% on behalf of each participating employee and a minimum of 3% is contributed by participating employees. Contributions are charged to the Statement of Financial Activities as they become payable in accordance with the rules of the scheme.

The outstanding contribution included in creditors at 31st July 2020 was £31,353 (2019: £37,390). The total number of staff in the scheme at 31st July 2020 was 102 (2019: 158).

DIRECTORS' REPORT AND ACCOUNTS FOR YEAR ENDED 31ST JULY 2020

20. Operating lease commitments

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2020 £	2019 £
Amounts Due:		
Within one year	212,392	275,819
Between one and five years	602,894	783,000
After five years	1,379,500	1,441,500
	<u>2,194,786</u>	<u>2,500,319</u>

21. Fixed and floating charge

The company has a loan (note 11) of £2,067,548 (2019: £6,401). This is secured by way of a fixed charge over all book and other debts, and a floating charge over all other assets of the company.

22. Related party transactions

As disclosed in note 23, the charitable company's ultimate parent undertaking until 30 July 2020 was Newham College of Further Education. As at 31 July 2020 a balance of £30,503 (2019: £332,740 due to the college) was due from the college. The balance of £332,740 as at 31 July 2019 was fully paid in July 2020.

During the year NEWTEC received income of £811,034 (2019: £1,128,816) from the college and paid management fees of £261,775 (2019: £316,072)

During the year NEWTEC paid expenses of £17,235 (2019: £65,527) to Gateway Qualifications Limited, a related party entity by common directorship of Liz Laycock (resigned as director of Gateway Qualifications Limited 13.05.2020). At year-end, £nil (2019: £nil) was outstanding.

23. Ultimate parent undertaking

Effective 30 July 2020, Newham College of Further Education, in its capacity as sole member of the NEWTEC, resolved to appoint 3 new members and relinquish their membership of NEWTEC. It was also agreed that the charitable company and Newham College of Further Education would no longer be subject to the terms of the Members Agreement as at the date of resignation. Therefore, as at 31 July 2020, the Trustees do not consider there to be an ultimate controlling party nor an ultimate parent undertaking.