

NEWHAM TRAINING & EDUCATION CENTRE LTD.
(a company limited by guarantee)

REPORT AND FINANCIAL STATEMENTS
for the
YEAR ENDING 31ST DECEMBER 1999

Co. No: 2444362
Charity No: 802868



NEWHAM TRAINING & EDUCATION CENTRE LTD.

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NEWHAM TRAINING & EDUCATION CENTRE LTD.

Information

Status

NEWTEC is a company limited by guarantee without share capital incorporated on 20th November 1989 and registered as a charity on 20th February 1990.

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

Company number

2444362

Registered office

22 Deanery Road
Stratford
London E15 4LP

Bankers

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

Solicitors

Cartwright Cunningham Haselgrove & Co
13 The Broadway
Woodford Green
Essex IG8 0HL

Auditors

Appleby & Wood
3 The Office Village
4 Romford Road
Stratford
London E15 4EA

NEWHAM TRAINING & EDUCATION CENTRE LTD.

Directors' report for the year ended 31st December 1999

The directors present their annual report and the audited financial statements of Newham Training and Education Centre Ltd. (NEWTEC) for the year ended 31st December 1999.

Principal activity

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

The company has forty full and part time staff. The Directorate team comprises of the Chief Executive, Assistant Chief Executive and two Assistant Directors, who work with four operational managers to ensure the service delivery of training and childcare by front line staff meets NEWTEC's charitable objectives. There is also an average of 5 volunteers gaining work experience on site at any one time placed in all departments.

NEWTEC offers a wide range of technology based training and education opportunities through accredited courses and learning programmes. In 1999 these included courses in Modern Office Administration, Basic Computing, Business Administration, Design Media Technology, Internet Design and SAGE accounting. Year Zero in New Technology was a course that NEWTEC ran in partnership with the University of East London during 1999. NEWTEC also developed an extensive New Deal programme for Lone Parents with two pathways: Information Technology and Classroom Support Assistants/Play-workers at NVQ levels 2/3.

Candidates are initially assessed for suitability and skills level upon application to NEWTEC. Successful applicants have English, Mathematics, job search and vocational guidance available and some courses involve work experience. Matching the labour market with local skill shortages enables NEWTEC to offer a competitive training programme to meet the needs of both trainees and employers.

NEWTEC has created effective partnership with the public and private sectors. It is only through these links that effective community development can be realised, create lasting and sustainable change. Thus, NEWTEC works to make a significant contribution to local regeneration on strategic and practical basis.

Daytime courses at NEWTEC included Year Zero (first year of a degree course), Modern Office Administration, Introduction to Computing, CLAIT level 1, Business Administration NVQ2, Computer Maintenance and Support NVQ3, Design Media Technology at NVQ level 2.

Evening courses at NEWTEC included Sage Accounting Levels 1 and 2, Internet Design, Word-processing (elementary and intermediate), Spreadsheets and Database applications and Childminding Preparation.

NEWTEC's Nursery allocated 14 places throughout the year for children whose careers were benefiting on varied courses. 28 places were allocated to fee payers and in addition, NEWTEC contracted with about 40 local childminders for children of careers on shorter courses.

NEWHAM TRAINING & EDUCATION CENTRE LTD.

Directors' report (cont) for the year ended 31st December 1999

Financial review of the year

In the Year ending 31 December 1999, NEWTEC made a deficit of £147,413. The main reason for this was:

- NEWTEC underwent a review in the organisation's structure in 1999 indicating an increase in staff salaries (both permanent and temporary) and an investment in staff training made to improve the quality of service and deliver high level technology courses.
- An increase in variable running costs particularly childcare reflected the increase in use of local childminders, administration acknowledging an increase in training, service provision and computer equipment including purchases of new and high level quality technology products.
- Recognition of the importance NEWTEC places on Disability policy on its employer responsibilities identified the need to extend the premises external paving for easy access to disabled persons and parents with children.

Reserves policy

NEWTEC holds restricted funds in the form of fixed assets in respect of capital grants received. Included in unrestricted funds is £99,383 held as designated funds for the contractual obligations NEWTEC may have to meet in the future. The balance of unrestricted funds are held by NEWTEC to meet its future operating expenses due to the way NEWTEC receives funding from its Funder's, much of it is paid in arrears of up to 18 months.

NEWHAM TRAINING & EDUCATION CENTRE LTD.

Directors' report (cont) for the year ended 31st December 1999

Financial commitments

The financial commitments of the company at 31st December 1999 are as shown in notes 11 to 14 of the financial statements, and as described below:

Lease of building:

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

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

Directors and their interests

The directors of the company during the year were:

Carole Snee
Hilary Banks
Anne Johnson
Chris Evans
Professor Nod Miller

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

Carole Snee
Anne Johnson

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

Carole Snee
Chris Evans
Hilary Banks

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

No director is employed by or has any interest in any contract with the company. All directors are members of the company. At 31st December 1999, the number of members' guarantees totalled 5 (1998-7).

NEWHAM TRAINING & EDUCATION CENTRE LTD.

**Directors' report (cont)
for the year ended 31st December 1999**

Directors' Responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of the company's affairs and of the profit or loss for that year. In preparing these financial statements the directors are required to:

Select suitable accounting policies and then apply them consistently;

Make Judgements and estimates that are reasonable and prudent;

State whether applicable accounting standards have been followed subject to any material departures disclosed and explained in the financial statements;

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 proper accounting records which 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 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

A handwritten signature in black ink, consisting of several loops and a final horizontal stroke.

NEWHAM TRAINING & EDUCATION CENTRE LTD.

Auditor's report to the members of Newham Training & Education Centre Ltd.

We have audited the financial statements on pages 7 to 15 which have been prepared under the historical cost convention and the accounting policies set out on page 9.

Respective Responsibilities of Directors and Auditors

As described on page 5 the Charitable Company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of Opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made in the preparation of the financial statements and of whether the accounting policies are appropriate to the Charitable Company's circumstances, consistently applied and adequately disclosed.

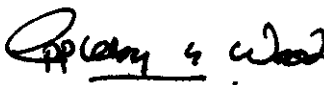
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the Charitable Company's affairs as at 31st December 1999 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

28th February - 2001

**3 The Office Village
4 Romford Road
Stratford
London E15 4EA**


APPLEBY & WOOD
Registered Auditors

NEWHAM TRAINING AND EDUCATION CENTRE LIMITED

**STATEMENT OF FINANCIAL ACTIVITIES
for the year ended 31st December 1999**

	Note	Restricted funds £	Unrestricted funds £	Total 31st Dec. 1999 £	Total 31st Dec. 1998 £
Incoming resources					
Grants	2	928,354	52,828	981,182	1,504,027
Other income		-	122,322	122,322	58,009
Bank interest		-	-	-	-
Total incoming resources		928,354	175,150	1,103,504	1,562,036
Resources expended					
Direct charitable expenditure:					
Course running costs	3	494,359	116,714	611,073	533,436
Support costs	3	402,020	94,913	496,933	445,917
		896,379	211,627	1,108,006	979,353
Other expenditure:					
Fundraising and publicity	3	96,086	22,685	118,771	87,187
Management and administration	3	19,310	4,830	24,140	35,046
		115,396	27,515	142,911	122,233
Total resources expended	3	1,011,775	239,142	1,250,917	1,101,586
Net movement in Funds		(83,421)	(63,992)	(147,413)	460,450
Funds b/f at 1st January 1999		596,973	104,344	701,317	240,867
Funds c/f at 31st December 1999	10	513,552	40,352	553,904	701,317

All of the company's operations are classed as continuing. The company had no recognised gains or losses for the year other than those shown above. The movement on reserves is shown above and in notes 9 and 10.

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


NEWHAM TRAINING AND EDUCATION CENTRE LIMITED

BALANCE SHEET
as at 31st December 1999

	Note	1999		1998	
		£	£	£	£
Tangible fixed assets	5		659,057		726,992
Investments	6		3		3
			<u>659,060</u>		<u>726,995</u>
Current assets					
Debtors	7	53,624		821,230	
Cash and bank and in hand		<u>173,036</u>		<u>549</u>	
		226,660		821,779	
Creditors - Amounts falling due within one year	8	<u>331,816</u>		<u>847,457</u>	
Net current (liabilities)			<u>(105,156)</u>		<u>(25,678)</u>
Net total assets			<u>553,904</u>		<u>701,317</u>
Reserves					
Restricted funds	10		513,552		596,973
Unrestricted funds:					
Designated funds	9	99,383		99,383	
General funds		<u>(59,031)</u>		<u>4,961</u>	
			40,352		104,344
			<u>553,904</u>		<u>701,317</u>

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

Approved by the directors and signed on their behalf on:


 Ms Hilary Banks
 CHAIR

NEWHAM TRAINING AND EDUCATION CENTRE LIMITED

NOTES TO THE ACCOUNTS for the year ended 31st December 1999

1. Accounting policies

Accounting convention

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

Grants receivable

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

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

Expenditure

Salaries are apportioned between course costs, support costs, 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.

Funds

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

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

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

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

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

Pension scheme

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

NEWHAM TRAINING AND EDUCATION CENTRE LIMITED

NOTES TO THE ACCOUNTS for the year ended 31st December 1999

1. Accounting policies (continued)

Leases of equipment

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

2. Grants

	1999 £	1998 £
European funding	409,260	426,585
ESF - Technical assistance	14,983	19,548
Further Education Funding Council	141,180	156,655
Stratford City Challenge:		
Revenue	-	53,890
Capital	-	10,650
University of East London	26,733	-
LETEC	-	-
London Borough of Newham	30,099	34,055
National Lottery Charity's Board -- Revenue	88,552	77,296
-- Capital	-	188,789
Skills challenge:	40,000	378,238
ERDF (1,112)	(1,112)	28,052
SRB - Revenue	30,595	66,260
- Capital	-	21,752
Ariadne	19,787	34,428
Leonardo	39,710	5,587
New Deal - Voluntary Sector	3,386	-
- Full Time Education	18,574	-
- Lone Parents	74,743	-
Other	44,692	2,242
	<u>981,182</u>	<u>1,504,027</u>

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

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

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

NEWHAM TRAINING AND EDUCATION CENTRE LIMITED

NOTES TO THE ACCOUNTS
for the year ended 31st December 1999

3. Resources expended

a) Analysis of resources expended

	Course Costs £	Support Costs £	Fund. & Publicity £	Mgmt. & Admin. £	Total 1999 £	Total 1998 £
Salaries and wages	360,692	214,287	72,392	6,202	653,573	630,496
Temporary staff	50,028	29,721	10,041	860	90,650	10,651
Staff healthcare	2,669	1,586	536	46	4,837	3,832
Other staff costs	3,732	2,217	749	65	6,763	5,567
Lecturer fees	2,478	-	-	-	2,478	-
Course materials	392	-	-	-	392	1,041
Advertising	-	-	31,028	-	31,028	13,472
Trainee travel	7,640	-	-	-	7,640	6,565
Examination and college fees	4,303	-	-	-	4,303	2,362
Childminders	57,396	-	-	-	57,396	50,414
Nursery running costs	9,667	-	-	-	9,667	10,129
Nursery relocation	-	-	-	-	-	7,240
Building costs	-	31,412	-	-	31,412	7,650
Equipment maintenance	-	24,698	-	-	24,698	5,864
Insurance	-	1,429	-	-	1,429	15,019
Rent and rates	-	14,647	-	-	14,647	16,042
Depreciation	92,018	61,346	-	-	153,364	182,905
Administration	-	44,833	-	-	44,833	40,355
Staff recruitment	15,561	9,245	3,123	267	28,196	23,484
Audit and accountancy	-	-	-	12,892	12,892	16,089
Professional fees	-	8,326	-	-	8,326	1,025
Contract staff	-	-	-	-	-	25,352
Consultancy fees	-	28,773	-	-	28,773	-
Staff training	3,512	2,087	705	60	6,364	7,612
Staff travel	985	585	197	17	1,784	2,736
Security	-	6,549	-	-	6,549	2,605
Computer equipment	-	4,754	-	-	4,754	-
Software	-	3,128	-	-	3,128	3,232
Bank interest	-	-	-	714	714	371
Café running costs	-	6,915	-	-	6,915	1,013
Bad debts	-	-	-	3,017	3,017	6,270
Sundry	-	395	-	-	395	4,237
	611,073	496,933	118,771	24,140	1,250,917	1,101,586

Included in total resources expended are:

Statutory audit	12,892	4,200
Accounting work	-	3,000
Depreciation	153,364	182,905

NEWHAM TRAINING AND EDUCATION CENTRE LIMITED

NOTES TO THE ACCOUNTS for the year ended 31st December 1999

3. Resources expended (continued)

b) Emoluments of employees

	1999	1998
	£	£
Salaries	590,726	576,500
Social security costs	52,417	42,140
Pension costs	10,430	11,700
	<u>653,573</u>	<u>630,400</u>

The average number of employees in the year was 38 (1998 - 40).

The aggregate amount reimbursed to the directors for travel and childcare expenses was £NIL (1998 - £NIL).

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

4. Taxation

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

5. Fixed assets

	Play area £	Building works £	Fixtures & Fittings £	Computers £	Equipment £	Total £
Cost:						
1st January 1999	8,310	1,085,156	89,064	501,071	107,976	1,791,577
Additions	499	21,849	6,539	43,525	13,017	85,430
31st December 1999	<u>8,809</u>	<u>1,107,005</u>	<u>95,603</u>	<u>544,596</u>	<u>120,993</u>	<u>1,877,006</u>
Depreciation:						
1st January 1999	8,310	596,764	66,920	307,617	84,974	1,064,585
Charged in the year	10	22,140	14,340	114,115	2,759	153,364
31st December 1999	<u>8,320</u>	<u>618,904</u>	<u>81,260</u>	<u>421,732</u>	<u>87,733</u>	<u>1,217,949</u>
NBV 31st December 1999	<u>489</u>	<u>488,101</u>	<u>14,343</u>	<u>122,864</u>	<u>33,260</u>	<u>659,057</u>
NBV 31st December 1998	-	488,392	22,144	193,454	23,002	726,992

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

NEWHAM TRAINING AND EDUCATION CENTRE LIMITED

NOTES TO THE ACCOUNTS
for the year ended 31st December 1999

6. Investments	1999	1998			
	£	£			
3 ordinary shares of a dormant company, NEWTECH Services Ltd	<u>3</u>	<u>3</u>			
7. Debtors					
Trade debtors	13,037	5,120			
Accrued income	30,388	807,008			
Prepayments	10,199	7,999			
Other debtors	-	1,103			
	<u>53,624</u>	<u>821,230</u>			
8. Creditors					
Bank overdraft	-	80,489			
Trade creditors	68,850	215,191			
Taxation and Social Security	15,826	13,540			
Other creditors	81,310	83,053			
Accruals and deferred income	165,830	455,184			
	<u>331,816</u>	<u>847,457</u>			
9. Designated funds					
	1st Jan. 1999 £	Incoming resources £	Outgoing resources £	Transfers £	31st Dec. 1999 £
Contractual employment obligations	99,383	-	-	-	99,383

NEWHAM TRAINING AND EDUCATION CENTRE LIMITED

NOTES TO THE ACCOUNTS
for the year ended 31st December 1999

10. Restricted funds

	1st Jan. 1999 £	Incoming resources £	Outgoing resources £	31st Dec. 1999 £
Tangible fixed assets				
Building works	66,419	-	(2,292)	64,127
Fixtures & fittings	4,931	-	(122)	4,809
Computer equipment	20,001	-	(3,832)	16,169
Equipment	-	-	-	-
NLCB - Capital	185,013	19,635	(52,309)	152,339
SRB - Capital	14,250	8,875	(5,911)	17,214
Skill Challenge - Capital	284,184	40,000	(82,863)	241,321
ERDF - Capital	24,720	(1,112)	(6,035)	17,573
	<u>599,518</u>	<u>67,398</u>	<u>(153,364)</u>	<u>513,552</u>
European Social Fund grant	(1,290)	418,223	(416,933)	-
Technical Assistance (ESF)	-	14,983	(14,983)	-
Leonardo (ESF)	(1,255)	39,710	(38,455)	-
UEL	-	26,733	(26,733)	-
NLCB - Revenue	-	68,917	(68,917)	-
Ariadne (ESF)	-	19,787	(19,787)	-
SRB	-	8,500	(8,500)	-
FEFC	-	141,180	(141,180)	-
New Deal - Vol Sector	-	3,386	(3,386)	-
New Deal - FTET	-	18,574	(18,574)	-
NDLP	-	74,743	(74,743)	-
Skills for the Millenium	-	10,000	(10,000)	-
Stratford City Challenge	-	16,220	(16,220)	-
	<u>(2,545)</u>	<u>860,956</u>	<u>(858,411)</u>	<u>-</u>
	<u>596,973</u>	<u>928,354</u>	<u>(1,011,775)</u>	<u>513,552</u>

NEWHAM TRAINING AND EDUCATION CENTRE LIMITED

NOTES TO THE ACCOUNTS
for the year ended 31st December 1999

11. Capital commitments

At 31st December 1999 the company had the following commitments:

	1999 £	1998 £
Authorised and contracted for	<u>-</u>	<u>-</u>

12. Pension commitments

The company contributes towards the personal pensions of a defined contribution scheme for its employees. The unpaid contributions at the end of the year, included in 'other creditors' are £3,157 (1998 - £4,060).

13. Operating lease commitment

At 31st December 1999 the company was committed to make the following payments during the next year in respect of operating leases:

	1999 £	1998 £
Operating leases which expire:		
In over five years	<u>12,000</u>	<u>12,000</u>

14. Fixed and floating charge

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