

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

REPORT AND FINANCIAL STATEMENTS
for the
YEAR ENDING 31ST DECEMBER 2000

Co. No: 2444362
Charity No: 802868



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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.

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 2000

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 2000.

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 employed 46 full and part time employees during 2000. The senior Management Team, who have delegated day to day responsibility for NEWTEC, comprises the Chief Executive, Assistant Chief Executive, Director of Operations, Head of Finance and Head of Education and Training. The Senior Management Team work with operational managers to ensure the service delivery of training and childcare by front line staff meets NEWTEC's charitable objectives.

NEWTEC delivered a wide range of technology based, accredited learning opportunities, available during the day to women-only and in the evening to men and women. In 2000 these included Basic Computing, Basic Study Skills, Business Technology Applications, Design Media Technology, Internet Design and SAGE accounting. In partnership with the University of East London we delivered the Year Zero (Access to HE) course and introduced New Beginnings - an innovative short course to attract and motivate new learners through a series of guidance and personal development seminars and workshops. NEWTEC also developed the Early Years training in Classroom Support Assistants/Play-workers at NVQ levels 2/3 to include the developing Childminding Practice and

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 believes the success to innovation and effective delivery in regeneration and community development is through partnerships and has established many partnerships within the public and private sectors.

NEWTEC developed the New Deal for Lone Parents Pilot, started in 1999, into an exciting and innovative partnership with 2 multi national financial sector blue chip companies - Morgan Stanley Dean Witter and Schroder Soloman Smith Barney. The model was developed from the New-York-based Wildcat Corporation and involves an intensive employability programme of soft skills, work placement and work trials. Through the Private Industry Partnership Programme we were able to place 17 unemployed, lone parents into employment, 9 with the blue chip companies and 8 elsewhere.

NEWTEC's continued to offer childcare support through the on-site nursery and through a network of childminders. Of the 37 nursery places, most are allocated to children of students studying at NEWTEC, a small proportion are made available to local, working parents.

NEWTEC's expertise in early years led to a successful partnership bid to SRB6 to develop the East London Childcare Institute (ELCI). ELCI will be a state of the art nursery (with 60 places), provide education and training in Early Years, provide professional development and support to Early Years Professionals and offer a business start-up function for community nurseries and childcare initiatives.

NEWHAM TRAINING & EDUCATION CENTRE LTD.

Directors' report (cont) for the year ended 31st December 2000

Financial review of the year

In the Year ending 31 December 2000, NEWTEC made a surplus of £66,768. The main reasons for this were:

An increase in funding activity, both in terms of the number of funders and the grants from individual funders, notably European Social Fund.

Tighter control over and closer monitoring of, expenditure ensured that the deficit of 1999 was turned around. We had also completed the outstanding building works of the previous 2 years.

There was an increase in staff salaries as a result of the implementation of the 1999 re-structure and an increase in staff numbers. In 200 there was also a massive increase in childminder fees due to the increase in the number of lone parents NEWTEC supported through New Deal Lone Parent projects

Reserves policy

NEWTEC holds restricted funds in the form of fixed assets in respect of capital grants received. Included in unrestricted funds is £93,584 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 2000

Financial commitments

The financial commitments of the company at 31st December 2000 are as shown in notes 11 to 14 of the financial statements, and as described below:

Capital Commitment:

The company has entered into a commitment to build an ICT Training and Childcare facility at Mark Street, Stratford. The estimated project cost is £5,877,795 and is due to be completed by November 2002.

This project will be financed through Capital grants. There are commitments to date from the Single Regeneration Bid and the European Regional Development Fund of £5 million.

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

Risk Assessment

The major risks to which NEWTEC is exposed, as identified by the Board of directors, have been reviewed and systems have been established to mitigate those risks appropriate to the level of materiality and risk

Directors and their interests

The directors of the company during the year were:

Carole Snee	
Hilary Banks	
Anne Johnson	(resigned January 2000)
Chris Evans	
Professor Nod Miller	(resigned June 2000)
Naomi Kingsley	
Cherie Murphy	
Sumanta Roy	(resigned October 2000)
Caroline Grant	(appointed October 2000)

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

Carole Snee
Anne Johnson
Hilary Banks

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

Carole Snee
Chris Evans
Hilary Banks
Naomi Kingsley

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 2000, the number of members' guarantees totalled 6 (1999-5).

NEWHAM TRAINING & EDUCATION CENTRE LTD.

**Directors' report (cont)
for the year ended 31st December 2000**

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;

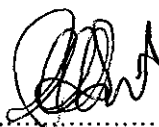
Make Judgements and estimates that are reasonable and prudent;

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.

Signed on behalf of the directors:



.....
HILARY BANKS

CHAIR

3rd October 2001
DATE

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 2000 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

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

A. Appleby and W. Wood
APPLEBY & WOOD
Registered Auditors

NEWHAM TRAINING AND EDUCATION CENTRE LIMITED

**STATEMENT OF FINANCIAL ACTIVITIES
for the year ended 31st December 2000**

	Note	Restricted funds £	Unrestricted funds £	Total 31st Dec. 2000 £	Total 31st Dec. 1999 £
Incoming resources					
Grants	2	915,336	530,792	1,446,128	981,182
Other income		-	172,387	172,387	122,322
Bank interest		-	2,065	2,065	-
Total incoming resources		915,336	705,243	1,620,580	1,103,504
Resources expended					
Direct charitable expenditure:					
Course running costs		498,846	334,677	833,523	611,073
Support costs		345,106	231,533	576,640	496,933
Other expenditure:					
Fundraising and publicity		70,956	47,605	118,561	118,771
Management and administration		15,014	10,073	25,088	24,140
Total resources expended	3	929,923	623,889	1,553,812	1,250,917
Net movement in Funds		(14,587)	81,354	66,768	(147,413)
Funds b/f at 1st January 2000		541,674	12,230	553,904	701,317
Funds c/f at 31st December 2000	10	527,087	93,584	620,672	553,904

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 2000

	Note	2000		1999	
		£	£	£	£
Tangible fixed assets	5		622,287		659,057
Investments	6		<u>3</u>		<u>3</u>
			622,290		659,060
Current assets					
Debtors	7	438,731		53,624	
Cash and bank and in hand		<u>30,701</u>		<u>173,036</u>	
		469,432		226,660	
Creditors - Amounts falling due within one year	8	<u>471,051</u>		<u>331,816</u>	
Net current (liabilities)			<u>(1,619)</u>		<u>(105,156)</u>
Net total assets			<u>620,671</u>		<u>553,904</u>
Reserves					
Restricted funds	10		527,087		541,674
Unrestricted funds	9		93,584		12,230
			<u>620,671</u>		<u>553,904</u>

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

Approved by the directors and signed on their behalf on:


.....
HILARY BANKS

CHAIR

3rd October 2001
DATE


.....
CAROLE SNEE

VICE - CHAIR

3rd October 2001
DATE


.....
CAROLINE GRANT

SECRETARY

3rd October 2001
DATE

NEWHAM TRAINING AND EDUCATION CENTRE LIMITED

NOTES TO THE ACCOUNTS for the year ended 31st December 2000

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.

Fixed Assets

Expenditure on items costing £500 and over is capitalised in the year of acquisition. Items costing less than this are to be written off to the income and expenditure account.

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

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

Pension scheme

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

NEWHAM TRAINING AND EDUCATION CENTRE LIMITED

NOTES TO THE ACCOUNTS for the year ended 31st December 2000

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

	2000 £	1999 £
European funding	521,483	409,260
New Deal Lone Parents	393,679	74,743
Further Education Funding Council	197,340	141,180
London Borough of Newham	48,738	30,099
University of East London	43,269	26,733
National Lottery Charity's Board -- Revenue	42,707	88,552
Bridge House	41,400	-
Wildcat (PIPP)	23,836	-
NIACE	21,558	-
Leonardo	21,250	39,710
Ariadne	20,485	19,787
BG Foundation	20,000	-
SRB- Capital	19,183	-
SRB - Revenue	10,942	30,595
ESF - Technical assistance	7,491	14,983
New Opportunity Fund	5,178	-
Lloyds TSB	4,225	-
Newham Training	1,500	-
New Deal Voluntary Sector	1,050	3,386
Access Funds	814	-
Skills challenge:	-	40,000
ERDF	-	(1,112)
New Deal Full Time Education	-	18,574
Other	-	44,692
	<u>1,446,128</u>	<u>981,182</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, comprises a subsidy towards the salaries of certain employees.

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

NOTES TO THE ACCOUNTS
for the year ended 31st December 2000

3. Resources expended

a) Analysis of resources expended

	Course Costs £	Support Costs £	Fund. & Publicity £	Mgmt. & Admin. £	Total 2000 £	Total 1999 £
Salaries and wages	466,714	277,275	93,671	8,025	845,685	653,573
Temporary staff	27,832	16,535	5,586	478	50,432	90,650
Staff healthcare	2,348	1,395	472	40	4,255	4,837
Other staff costs	2,524	1,499	506	44	4,573	6,763
Lecturer fees	53,053	-	-	-	53,053	2,478
Course materials	2,036	-	-	-	2,036	392
Advertising	-	-	14,925	-	14,925	31,028
Trainee travel	16,351	-	-	-	16,351	7,640
Examination and college fees	5,163	-	-	-	5,163	4,303
Childminders	176,286	-	-	-	176,286	57,396
Nursery running costs	12,211	-	-	-	12,211	9,667
Nursery relocation	-	-	-	-	-	-
Occupancy costs	-	35,327	-	-	35,327	31,412
Equipment maintenance	-	24,105	-	-	24,105	24,698
Insurance	-	7,909	-	-	7,909	1,429
Rent and rates	-	19,803	-	-	19,803	14,647
Depreciation	52,056	34,704	-	-	86,760	153,364
Administration	-	60,419	-	-	60,419	44,833
Staff recruitment	9,281	5,514	1,863	159	16,816	28,196
Audit and accountancy	-	-	-	8,931	8,931	12,892
Professional fees	-	1,815	-	-	1,815	8,326
(Profit)loss on disposal of assets	-	-	-	(2,047)	(2,047)	-
Consultancy fees	-	67,543	-	-	67,543	28,773
Staff training	6,567	3,902	1,318	112	11,899	6,364
Staff travel	1,103	655	221	19	1,997	1,784
Security	-	9,535	-	-	9,535	6,549
Computer equipment	-	-	-	-	-	4,754
Software	-	1,937	-	-	1,937	3,128
Bank interest	-	-	-	4,459	4,459	714
Café running costs	-	6,077	-	-	6,077	6,915
Bad debts	-	-	-	4,866	4,866	3,017
Sundry	-	691	-	-	691	395
	833,523	576,640	118,561	25,088	1,553,812	1,250,917

NEWHAM TRAINING AND EDUCATION CENTRE LIMITED

NOTES TO THE ACCOUNTS for the year ended 31st December 2000

3. Resources expended (continued)

b) Emoluments of employees

	2000	1999
	£	£
Salaries	773,037	590,72
Social security costs	58,014	52,41
Pension costs	14,634	10,43
	<u>845,685</u>	<u>653,57</u>

The average number of employees in the year was 40 (1999 - 38).

The aggregate amount reimbursed to the directors for travel and childcare expenses was £NIL (1999 - £NIL).

One employee 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 2000	8,809	1,107,005	95,603	544,596	120,993	1,877,006
Additions	-	36,373	-	16,651	-	53,024
Disposals	-	-	(1,716)	(2,375)	-	(4,091)
31st December 2000	<u>8,809</u>	<u>1,107,005</u>	<u>95,603</u>	<u>544,596</u>	<u>120,993</u>	<u>1,925,914</u>
Depreciation:						
1st January 2000	8,320	618,904	81,260	421,732	87,733	1,217,949
Charged in the year	10	10,261	5,463	64,318	6,709	86,761
Eliminated	-	-	(514)	(544)	-	(1,058)
31st December 2000	<u>8,330</u>	<u>629,165</u>	<u>86,209</u>	<u>485,506</u>	<u>94,442</u>	<u>1,303,652</u>
NBV 31st December 2000	<u>479</u>	<u>477,840</u>	<u>9,394</u>	<u>59,090</u>	<u>26,551</u>	<u>622,254</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>

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 2000

6. Investments	2000 £	1999 £
3 ordinary shares of a dormant company, NEWTECH Services Ltd	<u>3</u>	<u>3</u>

7. Debtors

Trade debtors	36,278	13,037
Accrued income	386,917	30,388
Prepayments	15,535	10,199
Other debtors	-	-
	<u>438,731</u>	<u>53,624</u>

8. Creditors

Bank overdraft	87,452	-
Trade creditors	93,454	68,850
Taxation and Social Security	22,110	15,826
Other creditors	151,958	81,310
Accruals and deferred income	116,076	165,830
	<u>471,051</u>	<u>331,816</u>

9. Unrestricted funds

	1st Jan. 2000 £	Incoming resources £	Outgoing resources £	31st Dec. 2000 £
Contractual employment obligations	99,383	0	0	99,383
General funds	<u>(87,153)</u>	705,243	(623,889)	<u>(5,799)</u>
	<u>12,230</u>	705,243	(623,889)	<u>93,584</u>

The balances of unrestricted funds brought forward at 1st January has been restated to reflect an amendment to the allocation of the previous year's depreciation charge between restricted and unrestricted funds.

The effect of this adjustment is to decrease the opening balance of unrestricted funds from £(59030) to £(87153)

NEWHAM TRAINING AND EDUCATION CENTRE LIMITED

NOTES TO THE ACCOUNTS for the year ended 31st December 2000

10. Restricted funds

	1st Jan. 2000 £	Incoming resources £	Outgoing resources £	31st Dec. 2000 £
Tangible fixed assets				
Building works	65,063	-	(1,356)	63,707
Fixtures & fittings	1,466	-	(1,466)	-
Computer equipment	7,361	-	(7,361)	-
NLCB - Capital	200,479		(4,562)	195,917
SRB - Capital	16,058	19,183	(8,442)	26,799
Skill Challenge - Capital	229,859	-	(52,820)	177,039
ERDF - Capital	21,388	-	(3,332)	18,056
Bridge House	-	41,400	(828)	40,572
	<u>541,674</u>	<u>60,583</u>	<u>(80,167)</u>	<u>522,090</u>
European Social Fund grant	-	521,483	(521,483)	-
NDLP	-	62,295	(62,295)	-
London Borough of Newham	-	48,738	(48,738)	-
NLCB - Revenue	-	42,107	(42,107)	-
FEFC	-	41,801	(41,801)	-
Wildcat (PIPP)	-	23,836	(23,836)	-
NIACE	-	21,558	(21,558)	-
Leonardo (ESF)	-	21,250	(21,250)	-
Ariadne (ESF)	-	20,485	(20,485)	-
BG Foundation	-	20,000	(20,000)	-
SRB	-	10,942	(5,945)	4,997
Technical Assistance (ESF)	-	7,491	(7,491)	-
New Opportunity Fund	-	5,178	(5,178)	-
Lloyds TSB	-	4,225	(4,225)	-
Newham Training	-	1,500	(1,500)	-
New Deal - Vol Sector	-	1,050	(1,050)	-
Access Funds	-	814	(814)	-
	<u>-</u>	<u>854,753</u>	<u>(849,756)</u>	<u>4,997</u>
	<u>541,674</u>	<u>915,336</u>	<u>(929,923)</u>	<u>527,087</u>

The effect of the adjustment in respect of the allocation of the previous year's depreciation is to increase the opening balance of restricted capital funds from £513552 to £541764

NEWHAM TRAINING AND EDUCATION CENTRE LIMITED

NOTES TO THE ACCOUNTS for the year ended 31st December 2000

11. Capital commitments

At 31st December 2000 the company had the following commitments:

	2000 £	1999 £
Authorised and contracted for	<u>5,877,795</u>	<u>-</u>

Newham Training & Education Centre Limited is committed to in the provision of an ICT Training, Education and Childcare facility to be completed by November 2002. The estimated project cost is £5,877,795. This will be financed through Capital grants. There are commitments to date from the single Regeneration Budget and the European Regional Development Fund of £5 million.

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 £3,187 (1999: - £3,157).

13. Operating lease commitment

At 31st December 2000 the company was committed to make the following payments during the next year in respect of operating leases:

	2000 £	1999 £
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 £65,000 (1999 £100,000) and a weekly BACS facility of £45,000 (1999 £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.