

THE GLOBE CENTRE (City and East London) Ltd

**Report and Accounts
for the year ended 31 March 1997**

Company Registration Number: 2546750
Charity Registration Number: 1001582



THE GLOBE CENTRE (City and East London) Limited

Annual report for the year ended 31 March 1997

	Pages
Constitution and Officers	3
Trustees' Annual Report	4
Auditors' Report	6
Statement of Financial Activities	7
Balance sheet	8
Notes to the Accounts	9

THE GLOBE CENTRE (City and East London) Limited

Constitution and Officers

1. The Globe Centre (City and East London) Limited is a registered charity and a company limited by guarantee. The principal objective of the charity is to establish and maintain a centre for the advice, support and care of those affected by HIV and AIDS in the City and East London area.

Directors

John McLean Fox	- Chair
Peter Clarke	- Treasurer
Stella Currie	- Secretary
Jeffrey Jenkinson MVO	- resigned 3 April 1997
David Panter	- resigned 31 May 1996
Yve Amor	
Nigel Huxted	- resigned 28 November 1996
Gary Kent	
Keith Rudkin	
Dr Penny Bevan	- resigned 18 April 1996
Nick Stacy	- resigned 22 May 1996
Gordon Craig	- appointed 22 August 1996
Karen McCusker	- appointed 22 August 1996
David Jaynes	- appointed 22 August 1996
Felix von Baudissin	- appointed 22 August 1996

Company Secretary

Stella Currie

Registered Office

159 Mile End Road
London E1 4AQ

Principal Bankers

National Westminster Bank Plc
Mile End Branch
331/ 335 Whitechapel Road
London E1 1AU

Auditors

Coopers & Lybrand
1 Embankment Place
London WC2N 6NN

THE GLOBE CENTRE (City and East London) Limited

Trustees' Annual Report for the year ended 31 March 1997

The trustees present their report and the audited financial statements for the year ended 31 March 1997.

Constitution

The Globe Centre (City and East London) Limited is a registered charity and a company limited by guarantee. The liability of members is limited to £1 each in the event of the company being wound up.

Principal activities

The principal activity of the charity in the period under review was the provision of advice, support and help to those affected by HIV and AIDS in the City and East London area. The centre moved to the newly refurbished building in Stepney Green in May 1994.

The Globe Centre is the only community HIV resource in East London and the City which combines health, social and complementary services. The Globe Centre provides non-residential and community day and evening options for people with HIV/AIDS. The centre is a community resource for these people and works as an 'umbrella' where many service users can get their needs met by differing services in the same venue. The Globe Centre is able to provide a wide range of services through joint working with statutory and non-statutory bodies. The charity aims to be a first point of contact with people with HIV/AIDS.

Results and future developments

The statement of financial activities of the charity is provided on page 7. Total income was £355,148 including Voluntary Income of £123,365 from companies, individuals and trusts, and £190,376 in grants from a number of sources as listed in note 6. Expenditure was £439,178 resulting in a deficit for the year of £84,030.

This was a disappointing result, given the relevant fundraising and other initiatives that had been put in place. The consequences were that the Charity's General Reserve was consumed in its entirety, and cash balances became very low. Accordingly, the Board called an emergency meeting on the 15 July 1997, at which the decisions were taken that resulted in the creation of The Globe Centre's Survival and Recovery Plan.

The Board were forced to examine what might be possible with the £250,000 already identified as being available in 1997/98, which meant cutting out £167,000 from planned expenditure. Every item of cost was therefore reviewed in depth, highlighting the elements involved initially in short term survival, resulting in, amongst other cuts, the making redundant of five of eleven staff, and a 20% pay cut for those remaining. The aim of the Recovery Plan is to get back on track so that it will be possible to attract new funds, based on a firm financial footing, to further the benefit of the Centre for its one thousand registered service users. To this end, new funds have now been received, allowing the re-employment of one member of staff, and the avoidance of the proposed staff pay cut.

The Board believe that, with the support of its principal funders, the assets are sufficient for the continuing needs of the organisation.

The Globe Centre would not be able to provide its range of services without substantial amounts of voluntary help including:

- over 7,500 hours of volunteers time in day care, complementary therapies, fundraising and administration
- a chiropodist from Royal London Hospital Trust for 2 hours a fortnight
- a solicitor from Keene Marland for 3 hours a week
- a welfare rights advisor from The Rights Shop for 6 hours a week
- IT support from Remstal Ltd.

Changes in Fixed Assets

The movement in fixed assets during the year is set out in note 7 to the financial statements.

Designated Funds

The Charity established two designated funds as part of the unrestricted funds. A fixed asset fund has been set up to equate to the net book value of fixed assets less the deferred credit. The directors transferred £25,417 out of this fund. A working capital reserve was also set up to ensure the short term liquidity of the charity. £24,650 was transferred out of this reserve to contribute to the deficit for the year, reducing the balance to nil.

Restricted Funds

Restricted funds are established when an incoming resource is given for a restricted purpose, and are set out in note 12 to the Financial Statements.

Directors

The directors of the company who served during the year to 31 March 1997 are listed on page 3.

Statement of Directors' responsibilities

The directors are required by UK company law to prepare accounts each financial period which give a true and fair view of the state of affairs of the company as at the end of the financial period and of the surplus or deficit for that period. In preparing the financial statements, which have been prepared on a going concern basis, appropriate accounting policies have been used and applied consistently, and reasonable and prudent judgements and estimates have been made. Applicable accounting standards have been followed. The directors are responsible for maintaining proper accounting records, in accordance with the Companies Act 1985, for safeguarding the assets of the company, and for taking reasonable steps to prevent and detect fraud and other irregularities.

Auditors

A resolution to appoint new auditors was passed at the annual general meeting held on 27 November 1997. Coopers & Lybrand will resign from office following signature of the current financial statements.

By order of the board


S Currie

Company Secretary

**Report of the auditors to the members of
The Globe Centre (City and East London) Limited**

We have audited the financial statements on pages 7 to 14 in accordance with Auditing Standards.

Respective responsibilities of directors and auditors

As described on page 5 the company's trustees are responsible for the preparation of the 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 by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

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

Fundamental Uncertainty

In forming our opinion, we have considered the adequacy of the disclosures made in the financial statements concerning the basis of preparation. The financial statements have been prepared on a going concern basis. The validity of this depends upon the continuing support of the Charity's principal funders and donors. The financial statements do not include any adjustments that would result from a failure to obtain such income. Details of the circumstances relating to this fundamental uncertainty are described in note 1. Furthermore, as disclosed in the financial statements, there is a deficit on General Funds of £57,943 at 31 March 1997. Monies received in the form of restricted funds have been used to meet, in part, this deficit. Under general trust law, monies received from donors for a specific purpose can only be used for that purpose. The Charity is, and will continue to be, in breach of this requirement until the deficit on General Funds is eliminated. Our opinion is not qualified in these respects.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company at 31 March 1997 and of the statement of financial activities for the year then ended and have been properly prepared in accordance with the Companies Act 1985, and the Charities Act 1993.

Coopers & Lybrand

Coopers & Lybrand
Chartered Accountants and Registered Auditors
London

16th December 1997.

THE GLOBE CENTRE (City and East London) Limited

Statement of Financial Activities for the year ended 31 March 1997

	Notes	General funds £	Designated funds £	Restricted funds £	Total funds 1997 £	Total funds 1996 £
Incoming resources						
Voluntary income	2	50,165	-	98,200	148,365	58,507
Less Deferred Income		-		(25,000)	(25,000)	
Grants receivable	6	115,432	-	74,944	190,376	218,330
Other income		38,273	-	-	38,273	18,102
Interest		3,134	-	-	3,134	2,595
Total incoming resources		207,004	-	148,144	355,148	297,534
Resources expended						
Direct charitable expenditure		190,543	-	112,868	303,411	233,674
Management and administration		61,624	-	7,462	69,086	76,892
Publicity and fundraising		59,352	-	7,329	66,681	46,513
Total resources expended		311,519	-	127,659	439,178	357,079
Net (outgoing)/ incoming resources before transfers		(104,515)	-	20,485	(84,030)	(59,545)
Transfers between funds	12	46,067	(50,067)	4,000	-	-
Net (outgoing)/incoming resources for the year		(58,448)	(50,067)	24,485	(84,030)	(59,545)
Other recognised gains and losses		-	-	-	-	-
Net movement in funds		(58,448)	(50,067)	24,485	(84,030)	(59,545)
Balances brought forward at 1 April 1996		505	434,021	11,632	446,158	505,703
Balances carried forward at 31 March 1997		(57,943)	383,954	36,117	362,128	446,158

There is no difference between the (deficit)/surplus of incoming resources over resources expended and the accumulated surplus, and their historical cost equivalents.

All items dealt with in the above Statement of Financial Activities relate to continuing operations. The notes on pages 9 - 14 form part of these accounts.

THE GLOBE CENTRE (City and East London) Limited
Balance sheet at 31 March 1997

	Notes	31/3/97 £	31/3/96 £
Fixed Assets			
Tangible fixed assets	7	621,954	664,633
Current assets			
Debtors	8	11,121	26,921
Cash at bank and in hand		30,624	66,771
		41,745	93,692
Creditors:			
amounts falling due within 1 year	9	63,571	56,905
Net Current (Liabilities) / Assets		(21,826)	36,787
Total assets less current liabilities		600,128	701,420
Deferred credit	10	238,000	255,262
Net assets		362,128	446,158
Funds and Reserves	12		
General funds		(57,943)	505
Designated funds			
Fixed Asset Fund		383,954	409,371
Working Capital Fund		-	24,650
Restricted funds		36,117	11,632
Total reserves		362,128	446,158

The financial statements on pages 7 to 14 were approved by the directors on 27/11/97

Director

Director

J. M. Fox
David Lynne

THE GLOBE CENTRE (City and East London) Limited

Notes to the financial statements for the year ended 31 March 1997

1 Principal accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom, including the Statement of Recommended Practice, "Accounting by Charities" dated October 1995. A summary of the more important accounting policies, which have been consistently applied, is set out below.

1.1 Basis of preparing the financial statements - going concern.

During the year, the Charity's total expenditure exceeded income by £84,030, before the transfer of funds. The Charity meets its day to day working capital requirements by drawing upon its reserves. The Directors have drawn up cash flow forecasts which project positive cash flows for the year to 31 March 1998 and for the following year to 31 March 1999.

The financial statements have been prepared on a going concern basis which assumes that the Charity will continue in operational existence for the foreseeable future. The validity of this assumption depends on the Charity being able to meet its projected cash flow forecasts, and on the Charity's principal funders continuing their support by providing adequate funds. However the nature of the Charity is such that there can be considerable variation in the timing of cash inflows and outflows and there is therefore uncertainty about whether the cash flow forecast will be met. If the Charity were unable to continue in operational existence for the foreseeable future, adjustments would have to be made to reduce the balance sheet values of assets to their recoverable amounts, to provide for further liabilities that might arise, and to reclassify fixed assets and long term liabilities as current assets and current liabilities.

The Board believe that with the support of the principal funders the assets are sufficient for the continuing needs of the Charity, and that it is appropriate for the financial statements to 31 March to be prepared on the going concern basis.

1.2 Basis of accounting

The financial statements are prepared in accordance with the historical cost convention and in accordance with the Companies Act 1985 and in compliance with the Statement of Recommended Practice 1995.

1.3 Services - in - kind

No account is made of the significant contributions of volunteers and voluntary organisations, who provide services free of charge. Gifts-in-kind are referred to below.

1.4 Tangible fixed assets

The cost of tangible fixed assets is their purchase cost, together with any incidental expenses of acquisition.

Donated assets are included in income and capitalised at their estimated value to the charity where the value is ascertainable and material.

Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual value, on a straight line basis over the useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

Leasehold premises and additions	5%
Fixtures and fittings	15%
Office equipment	25%

1.5 Grants

Revenue grants are credited to the income and expenditure account. Capital grants received to fund the cost of acquiring fixed assets are taken to the income and expenditure account over the useful life of the assets concerned.

1.6 Finance leases

Leasing arrangements which transfer to the company substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital element of the leasing commitments is shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged against profit in proportion to the reducing capital element outstanding. Assets held under finance leases are depreciated over the shorter of the lease terms and the useful lives of equivalent owned assets.

1.7 Income

Income includes the total amount receivable in the period. Covenanted income is included gross of attributable tax recoverable.

Gifts-in-kind are included in income where their value is ascertainable and material, and if The Globe Centre would otherwise have to purchase the donated facility. A list of voluntary assistance is included in the Trustees' Annual Report.

1.8 Allocation of expenditure

Expenditure is allocated directly to cost centres wherever possible. When this can not be done the expenditure is allocated on the basis of staff time spent in each cost centre.

The auditors' remuneration was £3,114 (1996: £3,114).

1.9 Cash flow statement

A cash flow statement is not included in these accounts because the Company qualifies as a small company as defined in s246 to 249 of the Companies Act 1985. In addition Financial Reporting Standard 1 exempts the Company from this requirement.

2. Voluntary income

	General funds	Restricted funds	Total funds 1997	Total funds 1996
	£	£	£	£
Charitable Grants	12,213	73,200	85,413	2,849
Donations	23,504		23,504	39,323
Benefits and fundraising events	14,448		14,448	16,335
Total	50,165	73,200	123,365	58,507

3. Total resources expended

	Direct expenditure	Management & administration	Publicity & fundraising	Total expenditure 1997
Salaries and staff expenditure	159,561	42,741	39,310	241,612
Building, telephones, postage and other	80,009	22,616	19,711	122,336
Volunteers and sessional staff	35,106	3,242	1,554	39,902
Cafe and garden	17,041	-	-	17,041
Books, equipment and subscriptions	6,907	487	448	7,842
Publicity and fundraising	4,787	-	5,658	10,445
Total	303,411	69,086	66,681	439,178

The average number of persons employed during the year was eleven(1996: eight).

4. Directors' emoluments

The company had ten directors at 31 March 1997. The directors received no remuneration during the year, but did receive £910 for expenses incurred during their duties.

5. Taxation

The Globe Centre is a registered charity and all its income was exempt from Corporation Tax under s505 of the Income and Corporation Taxes Act 1988.

6. Grants receivable

	1997	1996
	£	£
East London and City Health Authority	85,026	102,530
London Borough of Tower Hamlets	56,000	58,550
Department of Health	29,000	29,750
East London and City FHSA	17,000	19,000
Inner London HIV Health Commissioners	-	6,500
London Borough of Hackney	-	1,000
New River Health Authority	-	1,000
Corporation of London	3,350	-
Total	190,376	218,330

7. Tangible fixed assets

	Leasehold Property	Furniture and fittings	Office equipment	Total
Cost	£	£	£	£
At 1 April 1996	606,328	165,064	39,800	811,192
Additions	1,697	12,722	8,835	23,254
Disposals	-	(4,963)	-	(4,963)
At 31 March 1997	608,025	172,823	48,635	829,483
Accumulated Depreciation				
At 1 April 1996	60,632	60,077	25,850	146,559
Charge for the year	29,491	27,317	9,125	65,933
Disposals	-	(4,963)	-	(4,963)
At 31 March 1997	90,123	82,431	34,975	207,529
Net book value at 31 March 1996	545,696	104,987	13,950	664,633
Net book value at 31 March 1997	517,901	90,392	13,661	621,954

The depreciation charge, net of deferred credit of £17,262, was £48,671 (1996: £45,199).

The value of leasehold additions reflects the amount spent by the Globe Centre on acquiring the asset. It does not include the SCA spent by the London Borough of Tower Hamlets. A lease of 125 years has been granted by the landlord, the London Borough of Tower Hamlets.

The net book value of tangible fixed assets includes an amount of £nil (1996: £5,065) in respect of assets held under finance leases.

8. Debtors

	1997	1996
	£	£
Sales debtors	4,922	19,794
Prepayments and accrued income	5,773	3,252
Tax recoverable	426	3,875
Total	11,121	26,921

9. Creditors due within one year

	1997	1996
	£	£
Other creditors	28,023	40,902
Accruals	3,930	7,403
Deferred income	25,000	-
Social Security and other taxation	6,618	5,223
Obligations under finance lease	-	3,377
Total	63,571	56,905

10. Deferred Credit

Unexpended Capital Grants	1997	1996
	£	£
Balance at 1 April 1996	255,262	273,221
Transfer to income and expenditure account	(17,262)	(17,959)
Balance at 31 March 1997	238,000	255,262

11. Finance leases

The net finance lease obligations to which the charity is committed are:

	1997	1996
	£	£
In one year	-	3,377
Between one and two years	-	-
Total	-	3,377

12. Reserves and funds

The transfers between the funds were:

Designated funds :-

£25,417 was transferred out of the fixed asset fund to ensure that the balance equated with the net book value of fixed assets less the deferred credit, a balance of £383,954.

£24,650 was transferred out of the working capital fund to contribute to the deficit in the general fund. This left a nil balance within the fund.

Restricted funds :-

£4,000 was transferred from General funds to Restricted funds in respect of a grant made in a prior year by the City Parochial Foundation, for the use of the Isle of Dogs Outreach Project. The outstanding balances comprising the Restricted funds are :-

	1997	1996
Revenue :-	£	£
Elton John AIDS Foundation	23,571	
Bridge House Trust	5,869	-
City Parochial Foundation	4,000	1,620
London Docklands Devt. Corpn.	-	6,000
	33,440	7,620
Capital :-		
Miller Insurance	2,677	4,012
Total Restricted Funds	36,117	11,632

13. Post Balance Sheet Events

On 15 July 1997, an emergency meeting of the Board was held, as it had become apparent that the Centre's funds were no longer sufficient to meet the immediate requirements of the Charity.

As outlined in the Trustees Annual Report, a Survival and Recovery Plan was immediately implemented in order to stabilise the Charity's cash position. As part of this plan, cuts in expenditure of £ 167,000 p.a. resulted in five redundancies, and a proposed 20% pay cut for remaining staff. The Charity has met its liability for the redundancy payments of £10,271 in full.

Subsequently, new funding has been agreed, enabling the least sustainable cuts to be restored, one re-employment of one staff member, and the avoidance of the proposed staff pay cut.

A sounder financial framework has been established, from which the Recovery Plan can commence.