

EAST DURHAM PARTNERSHIP LIMITED
(A company limited by guarantee)

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2005

REGISTERED NO. 3055620

REGISTERED CHARITY NO. 1090261



EAST DURHAM PARTNERSHIP LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2005

Current trustees and directors

F. Shepherd (Chair, company director)
K. Hawkrigde-Smith (Vice chair, company director)
I. Langthorne (company director)
S. Carr (Secretary, company director)
L. Drewitt (company director)
R. Hills (company director)

Company Secretary

S. Carr

Registered office

Shotton Hall School
Waveney Road
Passfield Way
Peterlee
Co. Durham
SR8 1NX

Auditors

HLB Vantis Audit
New Exchange Buildings
Queens Square
Middlesbrough
TS2 1AA

Accountants

Vantis
New Exchange Buildings
Queens Square
Middlesbrough
TS2 1AA

Bankers

The Cooperative Bank
PO Box 250
Delf House
Southway
Skelmersdale
WN8 6WT

Solicitor

No appointment

EAST DURHAM PARTNERSHIP LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2005

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EAST DURHAM PARTNERSHIP LIMITED

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2005

The Board of trustees presents its report and audited financial statements for the year ended 31 March 2005.

Structure, governance and management

Governing document

The organisation is a charitable company limited by guarantee, incorporated on 11 May 1995 and registered as a charity on 25 January 2002. The company was established under a Memorandum of Association which established the objects and powers of the charitable company and is governed under its Articles of Association. Under those Articles, one third of the trustees shall retire and be subject to re-election.

The directors of the charitable company are its trustees for the purpose of charity law, and throughout the report are collectively referred to as the trustees.

Recruitment and appointment of trustees

The directors of the company are also charity trustees for the purposes of charity law and under the company's Articles are known as trustees. Under the requirements of the Memorandum and Articles of Association one third of the trustees are required to retire by rotation at each Annual General Meeting.

New trustees are elected at the Annual General Meeting as other Trustees stand down. Once elected trustees are given appropriate roles and have one vote each which will contribute to the decision making process.

Trustee induction and training

Trustees undergo an induction period which includes specific training relevant to financial regulations and other responsibilities and accountabilities.

Current trustees are aware of the need to develop a formal training programme and are taking steps to implement a suitable programme.

Trustees and directors

The following people served during the year:

- F. Shepherd (Chair, company director)
- K. Hawkrigde-Smith (Vice chair, company director)
- I. Langthorne (company director)
- K. Williams (Secretary, company director)

Organisational structure

The organisational structure consists of a management team of five managers with delegated responsibility each of whom is in charge of a specific area of business. The management team meet regularly and report back to the trustees who retain ultimate power for making decisions. Each manager is accountable for the leadership of several members of staff in their area of responsibility. The financial manager maintains control of all financial transactions and is accountable for compliance. The board of trustees retains paid consultants who support and advise the board on an ongoing basis. The board can elect to co-opt advisers as and when appropriate to inform the decision making process.

Risk management

The trustees have reviewed the major risks to which the charity is exposed and systems have been established to mitigate those risks. External risks to funding have resulted in a strategic plan which allows for the diversification of funding and activities. Internal risks are minimised by the implementation of procedures for authorisation of all transactions and projects and to ensure consistent quality of delivery for all operational aspects of the charitable company. These procedures are periodically reviewed to ensure that they still meet the needs of the charity. Following a monitoring visit by the Charity Commission the organisation was seen to be financial compliant in most respects but further training has been organised as part of a whole organisational review.

EAST DURHAM PARTNERSHIP LIMITED

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2005

Structure, governance and management (continued)

Related parties

The company is accommodated in the Resource Centre at Shotton Hall School as part of the school's services to the community. The accommodation comprises a central ITC area and four offices. The company provides limited support services to the school which includes ITC support, occasional supervision for appropriate groups, provision of a minibus and driver, football coaching, Youth Club support, advice with alternative accommodation and a payroll service for certain staff. The school provides the accommodation at no cost between the hours of 8.00 a.m. and 5.00 p.m. but invoices for the cost of security and heating for accommodation outside those hours. The free accommodation represents £40,700 approx of in kind match funding in the period September 2002 to August 2004 (the duration of the Capital project). From September 2004 the accommodation represents in kind match funding for the Urban 2 Capital 2 project in terms of the provision of a central administration base for the project.

Ellen Foxton is Head of Faculty (Extended and Community Services) and has during the period January to December 2004 used some of her time to manage the Furniture Recycling project. This time is costed at the LEA rate appropriate to her position and used as in kind match funding. Ellen Foxton received a salary of £9,981 (2004: -) from the company during the year.

The relationship has to date been a loose reciprocal arrangement whereby both organisations receive benefit. All cash transactions and/or match funding in kind has however been documented for audit purposes. From 2006 the two organisations will be establishing a service level agreement which will detail the services (with associated costs) which constitute the basis of the agreement.

Mrs. M Shepherd, a person connected with Mr F. Shepherd, trustee, received a salary of £28,653 (2004: £24,946) from the company during the year.

Objectives and activities

Statement of charity's objectives

The objectives of the company are to promote any charitable purpose for the benefit of the East Durham community and in particular the advancement of education and the furtherance of health and the relief of poverty, distress and sickness.

Review of activities

The company has continued to be successful in carrying out various educational contracts on a subcontract basis. These contracts are consistent with the company's objective of advancing education in the East Durham community.

The company has also managed other community based projects in the local area.

These activities generated funds of £385,212 (2004: £141,160).

The company also undertook various projects in furtherance of its charitable objectives, as described below:

Capital project

The original Capital Project ran from September 2002 to August 2004 and was funded by the European Social Fund, Coalfields Regeneration Trust, Easington Action Team for Jobs and Neighbourhood Renewal Fund. Project funding in excess of £450k was receivable over the lifetime of the project. The aim of the project was to tackle social problems in the East Durham area, and approximately 325 beneficiaries received training. This was replaced by the Capital 2 project from September 2004.

Capital 2 project

The Capital 2 project will run until August 2006, and is funded by the European Social Fund, Neighbourhood Renewal Fund and the company. Project funding of £550k is receivable over the project term. The Capital 2 project particularly focuses on tackling social problems in the Urban 2 areas of Murton, Haswell and South Hetton. Approximately 300 beneficiaries will be trained.

EAST DURHAM PARTNERSHIP LIMITED

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2005

Review of activities (continued)

Furniture Recycling

This project was divided into three elements: the Helping Hands project and the Furniture Recycling project, both funded by the European Regional Development Fund, and the Community Enterprise Support project, funded by the European Social Fund. The overall eligible project cost was approximately £113K with match funding provided by Neighbourhood Renewal Fund, and the company. Two employees and five beneficiaries on wage subsidies delivered the project to establish a viable social enterprise. The project ran from January to December 2004 in collaboration with Greenworks UK. East Durham Partnership established a franchise with Greenworks and obtained merchandise (furniture) from them for resale in the North East of England. Beneficiaries included the 5 wage subsidies and approximately 150 homes and families in East Durham who received services.

Disaffected Youth Project -

In 2004 a Home Office grant of £50K was obtained from the Anti Social Behaviour Unit to address the issues of disaffected young people in the Easington District and Middlesbrough areas. £30K of the £50K was expended on residents of Easington District and could therefore be used to match fund an enhanced project which attracted a further £19K plus from the European Social Fund. Because the project underachieved £5,600 is due to be repaid in 2006-07. The remaining £20K of the Home Office grant was expended on activity associated with the Middlesbrough residents which is ineligible to attract European Social Fund income. Approximately 45 beneficiaries of East Durham were trained and 10 from Middlesbrough.

UK On-line

UK On-line fund the delivery of specific ICT training. It is possible to apply for both capital and revenue grants. Any grant income from UK On-line is restricted to expenditure associated with UK On-line activity. A UK-Online mixed grant for £14K of capital expenditure and a further £8K of revenue income was approved in 2004-05. Expenditure continued into the 2005-06 financial year.

Other

Various smaller projects were undertaken, all of which were in furtherance of the charitable objectives, mainly comprising projects of an educational nature.

Financial review

Results

Net incoming resources for the year amounted to £75,290. Total funds at 1 April 2004 have been restated to £281,946 after adjusting for a prior year adjustment of £155,908. Total funds at 31 March 2005 amounted to £357,236, of which £68,339 relates to restricted funds.

Principal funding sources

The main sources of income from education subcontracts were New College Durham, the Further Education Funding Council, City of Sunderland and Jobcentre Plus.

The main sources of funding for activities in furtherance of the charities objects were the Neighbourhood Renewal Fund, European Social Fund, European Regional Development Fund and City of Sunderland.

Investment policy

The trustees consider that any excess cash funds should remain in the company's bank current account due to demands on the company's present cash flow. This policy will be reviewed by the management committee should excess funds become significant.

EAST DURHAM PARTNERSHIP LIMITED

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2005

Financial review (continued)

Reserves policy

The trustees have established a policy whereby unrestricted reserves are maintained at a level sufficient to meet management and administration costs for the foreseeable future. The strict control of unrestricted cash flows in the past year have enabled the charitable company to come closer to achieving this aim, although unrestricted funds are still insufficient to meet its obligations in the short to medium term. The trustees have decided that the organisation must aim to retain sufficient reserves to fulfil its financial commitments should income generated from EDP's core activities cease. The commitments would include 2 years lease on the Ticket Office at Peterlee Town Centre (£44K) and up to 6 months salary for existing members of staff (£210K). The level of reserves will be monitored on a weekly basis by the financial manager in an attempt to maintain the desired level of reserves. At the balance sheet date unrestricted reserves amounted to £244,989.

Plans for future periods

The company has continued to expand and develop its training programmes and the trustees believe that the company's expertise in carryout out and completion of such contracts place it in a strong position to continue to expand its activities in this area.

During 2004-05 financial year EDP staff undertook development work to submit an application for £297K of CRED (Big Lottery) funding for an environmental project based on the establishment of a social enterprise involved in recycling household furniture. The application was successful but the project did not commence until May 2005. Funding is available until December 2007.

In addition, the company continues to develop and undertake other projects for the benefit of the local community.

Statement of responsibilities of the trustees

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company as at the balance sheet date and of its incoming resources and application of resources, including income and expenditure, for the financial year. In preparing those financial statements, the trustees should follow best practice and:

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

The trustees are responsible for keeping proper accounting records which 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 Companies Act 1985.

The trustees are also responsible for safeguarding the assets of the charitable company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

• **EAST DURHAM PARTNERSHIP LIMITED**

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2005

Auditors

The auditors, HLB Vantis Audit, have indicated their willingness to accept re-appointment under Section 385 of the Companies Act 1985.

This report has been prepared in accordance with the Statement of Recommended Practice - Accounting and Reporting by Charities and in accordance with the special provisions of Part VII of the Companies Act 1985 applicable to small companies.

This report was approved by the trustees on 28-06-06..... and is signed on its behalf by:

F. J. Shepherd.....

F. Shepherd
Director

EAST DURHAM PARTNERSHIP LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EAST DURHAM PARTNERSHIP LIMITED

We have audited the financial statements of East Durham Partnership Limited for the year ended 31 March 2005. These financial statements on pages 8 to 18 have been prepared under the historical cost convention and the accounting policies set out on pages 10 and 11.

This report is made solely to the charity's trustees, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the charity's trustees 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 charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

The trustees' (who are also the directors of East Durham Partnership Limited for the purpose of company law) responsibilities for preparing the trustees' report and the financial statements in accordance with applicable law and United Kingdom accounting standards are set out in the statement of responsibilities of the trustees on page 1.

Our responsibility is to audit the financial statements in accordance with the relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Trustees' Report is not consistent with the financial statements, if the charity has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding trustees' remuneration and transactions with the charity is not disclosed.

We read other information contained in the Trustees' Report, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of opinion

We conducted our audit in accordance with United Kingdom 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 trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charity'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 presentation of information in the financial statements.

EAST DURHAM PARTNERSHIP LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EAST DURHAM PARTNERSHIP LIMITED

Opinion

In our opinion the financial statements give a true and fair view of the state of the charity's affairs as at 31 March 2005 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

HLB Vantis Audit

HLB Vantis Audit

Chartered Accountants and Registered Auditors

New Exchange Buildings

Queens Square

Middlesbrough

TS2 1AA

Date: *29 June 2006*

EAST DURHAM PARTNERSHIP LIMITED

STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND EXPENDITURE ACCOUNT) FOR THE YEAR ENDED 31 MARCH 2005

| | Note | Unrestricted Funds £ | Restricted Funds £ | Total Funds 2005 £ | Total Funds 2004 As restated £ |
|---|------|----------------------------|--------------------------|-----------------------------|--|
| Incoming resources | | | | | |
| Donations and other income | 2 | 50 | - | 50 | 15,442 |
| Operating activities of the charity | | | | | |
| - Activities in furtherance of the charity's objects | 3 | 23,903 | 358,155 | 382,058 | 442,882 |
| - Activities for generating funds | 3 | 385,212 | - | 385,212 | 141,160 |
| Total incoming resources | | <u>409,165</u> | <u>358,155</u> | <u>767,320</u> | <u>599,484</u> |
| Resources expended | | | | | |
| Costs of generating funds | | 243,893 | - | 243,893 | 51,335 |
| Charitable expenditure | | | | | |
| Project costs | | - | 437,365 | 437,365 | 424,155 |
| Management and administration | | 10,772 | - | 10,772 | 4,922 |
| Total resources expended | 4 | <u>254,665</u> | <u>437,365</u> | <u>692,030</u> | <u>480,412</u> |
| Net incoming resources before other recognised gains | | 154,500 | (79,210) | 75,290 | 119,072 |
| Gross transfers between funds | | <u>(22,389)</u> | <u>22,389</u> | - | - |
| Net movement in funds | | <u>132,111</u> | <u>(56,821)</u> | <u>75,290</u> | <u>119,072</u> |
| Total funds as at 1 April 2004 | | | | | |
| - as originally stated | | 126,038 | - | 126,038 | 27,900 |
| - prior year adjustment | | <u>30,748</u> | <u>125,160</u> | <u>155,908</u> | <u>134,974</u> |
| - as restated | | <u>156,786</u> | <u>125,160</u> | <u>281,946</u> | <u>162,874</u> |
| Total funds as at 31 March 2005 | | <u><u>288,897</u></u> | <u><u>68,339</u></u> | <u><u>357,236</u></u> | <u><u>281,946</u></u> |

Movements in funds are disclosed in note 11 to the financial statements

The statement of financial activities includes all gains and losses in the year. All incoming resources and resources expended derive from continuing operations.

The annexed notes form part of these financial statements.


EAST DURHAM PARTNERSHIP LIMITED

BALANCE SHEET AS AT 31 MARCH 2005

| | Note | 2005 £ | As restated 2004 £ |
|--|------|-----------------------|--------------------------|
| Fixed assets | | | |
| Tangible assets | 7 | 87,563 | 61,854 |
| Current assets | | | |
| Debtors | 8 | 246,764 | 77,530 |
| Cash at bank and in hand | | <u>110,168</u> | <u>173,680</u> |
| | | 356,932 | 251,210 |
| Creditors | | | |
| Amounts falling due within one year | 9 | <u>(87,259)</u> | <u>(31,118)</u> |
| Net current assets | | <u>269,673</u> | <u>220,092</u> |
| Total assets less current liabilities | | 357,236 | 281,946 |
| Net assets | | <u><u>357,236</u></u> | <u><u>281,946</u></u> |
| Unrestricted funds | | | |
| General funds | 11 | 288,897 | 156,786 |
| Restricted funds | 11 | 68,339 | 125,160 |
| Total funds | 11 | <u><u>357,236</u></u> | <u><u>281,946</u></u> |

The trustees have taken advantage, in the preparation of the accounts, of the special provisions of Part

The accounts were approved by the trustees on 28.06.06..... and are signed on its behalf



F. Shepherd
Director

The annexed notes form part of these financial statements.

EAST DURHAM PARTNERSHIP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2005

1. Accounting policies

Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002), the Companies Act 1985 and follow the recommendations in "Accounting and Reporting by Charities: Statement of Recommended Practice" issued in October 2000.

The effect of events in relation to the year ended 31 March 2005 which occurred before the date of approval of the financial statements by the trustees, have been included in the statements to the extent required to show a true and fair view of the state of affairs at 31 March 2005 and of the results for the year ended on that date.

Incoming resources

All incoming resources are included in the statement of financial activities when the charity is entitled to the income and the amount can be quantified with reasonable accuracy. The following specific policies are applied to particular categories of income:

Voluntary income received by way of grants, donations and gifts is included in full in the Statement of Financial Activities when receivable.

Grants, including capital grants, where entitlement is not conditional on the delivery of a specific performance by the charity, are recognised when the charity becomes unconditionally entitled to the grant.

Incoming resources from grants, where related to performance and specific deliverables are accounted for as the charity earns the right to consideration by its performance.

Incoming resources from charitable trading activity are accounted for when earned.

Donated services and facilities are included at the value to the charity where this can be quantified.

The above is a change in accounting policy, which has resulted in a prior year adjustment as explained in note 11. The corresponding figures have been restated in respect of the prior year adjustment.

Resources expended

Expenditure is recognised on an accrual basis as a liability is incurred.

Costs of generating funds comprise the costs associated with the provision of management and educational services and attracting voluntary income.

Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

Depreciation

Depreciation has been computed to write off the cost of tangible fixed assets over their expected useful lives at the following rates:

| | |
|-----------------------|---------------------------------|
| Computer equipment | -25% per annum reducing balance |
| Plant and machinery | -20% per annum reducing balance |
| Fixtures and fittings | -25% per annum reducing balance |
| Motor vehicles | -25% per annum reducing balance |

Fixed assets are reviewed for possible impairments on an annual basis. The company has previously not set a de-minimis limit below which assets are not capitalised. In future periods assets costing less than £300 will not be capitalised.

Leasing and hire purchase commitments

Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

EAST DURHAM PARTNERSHIP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2005 (CONT)

Fund accounting

Unrestricted funds are available for use at the discretion of the trustees in furtherance of the general objectives of the charity.

If the Management Committee earmark unrestricted funds for a particular purpose, such funds are transferred to Designated funds.

Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure which meets these criteria is charged to the fund.

Where a restricted project is completed and the conditions allow the surplus or deficit on that project is transferred to unrestricted funds.

Format of financial statements

The trustees have adapted the formats for financial statements as required by Section B of Part I of Schedule 4 to the Companies Act 1985, to suit the nature of the company's activities.

2. Donations and other income

| | Unrestricted | Restricted | Total 2005 | Total 2004 |
|----------------------------|--------------|------------|---------------|---------------|
| | £ | £ | £ | £ |
| Sundry non-specific income | - | - | - | 15,442 |
| Donations | 50 | - | 50 | - |
| | <u>50</u> | <u>-</u> | <u>50</u> | <u>15,442</u> |

3. Operating activities of the charity

| | Unrestricted | Restricted | Total 2005 | Total 2004 |
|---|----------------|----------------|----------------|----------------|
| | £ | £ | £ | £ |
| Activities in furtherance of the charity's objects | | | | |
| CAPITAL - Positive Pathways | - | 83,804 | 83,804 | 198,660 |
| CAPITAL II - Positive Pathways | - | 182,221 | 182,221 | - |
| Positive Pathways | - | - | - | 129,459 |
| Community Enterprise Support project | - | 17,552 | 17,552 | 4,577 |
| Helping Hands project | - | 6,267 | 6,267 | 6,205 |
| Furniture Recycling project | - | 15,621 | 15,621 | 9,584 |
| Anti-Social Behaviour project | - | - | - | 20,000 |
| Disaffected Youth project | - | 13,840 | 13,840 | 30,000 |
| Life park development | - | - | - | 9,500 |
| Primary Care Trust | - | - | - | 8,700 |
| Youth Club project | - | (1,784) | (1,784) | 5,000 |
| Crafts class | - | 5,000 | 5,000 | - |
| Marketing strategy training | - | - | - | 5,000 |
| Disabled access | - | (1,486) | (1,486) | 5,000 |
| Children's warehouse project | - | 2,570 | 2,570 | 5,430 |
| UK Online initiative | - | 13,200 | 13,200 | - |
| Football coaching | - | 12,000 | 12,000 | - |
| Adult teaching | - | 4,000 | 4,000 | - |
| New deal | - | 4,850 | 4,850 | - |
| Health forum | - | 500 | 500 | - |
| Furniture Sales | 23,903 | - | 23,903 | 5,767 |
| Activities for generating funds | | | | |
| Provision of management and educational services | 385,212 | - | 385,212 | 141,160 |
| | <u>409,115</u> | <u>358,155</u> | <u>767,270</u> | <u>584,042</u> |

The main sources of restricted funding were:

| | | |
|-------------------------------|---------|---------|
| European Union | 116,084 | 88,016 |
| Neighbourhood Renewal Fund | 104,712 | 177,648 |
| Home Office | - | 50,000 |
| City of Sunderland | 33,773 | - |
| District of Easington | 19,530 | - |
| Coalfields Regeneration trust | 14,000 | 49,470 |

Activities for generating funds were derived from various educational institutions in the local area.

EAST DURHAM PARTNERSHIP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2005 (CONT)

4. Total resources expended

| | Costs of generating funds £ | Restricted Project costs £ | Management and admin £ | Total 2005 £ | Total 2004 £ |
|---|--|---|---------------------------------------|-----------------------------|-----------------------------|
| Costs directly allocated to activities | | | | | |
| Staff costs | 149,006 | 265,637 | 7,504 | 422,147 | 212,793 |
| Running costs | 19,928 | 28,140 | - | 48,068 | 120,118 |
| Support costs allocated to activities | | | | | |
| Premises costs | 31,203 | 74,457 | - | 105,660 | 69,339 |
| Motor and travel | 13,999 | 9,683 | - | 23,682 | 11,841 |
| Communications | 12,163 | 17,668 | - | 29,831 | 25,272 |
| Advertising and marketing | 5,567 | 5,118 | - | 10,685 | 8,015 |
| Audit | - | 2,518 | 1,837 | 4,355 | 3,093 |
| Accountancy | - | 14,035 | 218 | 14,253 | 6,257 |
| Legal and professional | - | 3,675 | 500 | 4,175 | 1,058 |
| Fixed asset costs | 5,136 | 13,736 | - | 18,872 | 16,175 |
| Bank charges | - | 432 | 713 | 1,145 | 826 |
| Other sundry costs | 6,891 | 2,266 | - | 9,157 | 5625 |
| | <u>243,893</u> | <u>437,365</u> | <u>10,772</u> | <u>692,030</u> | <u>480,412</u> |

Resources expended on projects of £437,365 can be further analysed between individual projects as follows:

| | Basis | CAPITAL £ | CAPITAL II £ | Community Enterprise Support £ | Helping Hands £ | Furniture Recycling £ |
|--------------------|--------------|--|---|---|------------------------------------|---------------------------------------|
| Staff costs | Direct | 75,232 | 98,705 | 23,112 | 11,240 | 13,494 |
| Running costs | Direct | 6,971 | 7,247 | - | 467 | 9,803 |
| Premises costs | Base | 15,059 | 38,587 | 2,758 | - | 693 |
| Motor and travel | Direct | 5,171 | 2,350 | 88 | 332 | 1,307 |
| Communications | Staff | 7,443 | 9,122 | - | 330 | 479 |
| Advertising | Direct | 723 | 365 | - | - | 1,274 |
| Audit | Direct | 485 | 1,372 | - | - | 661 |
| Accountancy | Direct | 5,199 | 2,740 | 4,113 | - | 1,983 |
| Fixed asset costs | Direct | 5,976 | 207 | 376 | - | 1,500 |
| Bank charges | Direct | 411 | 21 | - | - | - |
| Other sundry costs | Direct | 968 | 1,064 | - | - | - |
| | | <u>123,638</u> | <u>161,780</u> | <u>30,447</u> | <u>12,369</u> | <u>31,194</u> |
| | Basis | Anti-Social Behaviour and Disaffected Youth £ | Youth Club Project £ | Childrens warehouse project £ | Positive Pathways £ | UK online initiative £ |
| Staff costs | Direct | 17,175 | 2,078 | - | - | - |
| Running costs | Direct | 3,442 | 210 | - | - | - |
| Premises costs | Base | - | - | 2,170 | 15,190 | - |
| Motor and travel | Direct | 235 | - | 200 | - | - |
| Communications | Staff | 89 | 5 | 200 | - | - |
| Accountancy | Direct | - | - | - | - | - |
| Fixed asset costs | Direct | 163 | 63 | - | 5,183 | 268 |
| Other sundry costs | Direct | 68 | 166 | - | - | - |
| | | <u>21,172</u> | <u>2,522</u> | <u>2,570</u> | <u>20,373</u> | <u>268</u> |

EAST DURHAM PARTNERSHIP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2005 (CONT)

4. Total resources expended (cont)

| | Basis | Health advisory £ | New deal £ | Life Park Develop- ment £ | Adult teaching £ | Marketing strategy training £ | Football coaching £ |
|--------------------|--------|-------------------------|------------------|------------------------------------|------------------------|--|---------------------------|
| Staff costs | Direct | 8,700 | 3,161 | - | 4,000 | - | 8,740 |
| Running costs | Direct | - | - | - | - | - | - |
| Communications | Staff | - | - | - | - | - | - |
| Advertising | Direct | - | - | - | - | 2,756 | - |
| Professional | | - | - | 3,675 | - | - | - |
| Fixed asset costs | | - | - | - | - | - | - |
| Other sundry costs | Direct | - | - | - | - | - | - |
| | | <u>8,700</u> | <u>3,161</u> | <u>3,675</u> | <u>4,000</u> | <u>2,756</u> | <u>8,740</u> |

5. Net incoming resources for the year

| | 2005 £ | 2004 £ |
|---|---------------|--------------|
| This is stated after charging/(crediting) | | |
| (Profit)/Loss on disposal of fixed assets | - | 4,897 |
| Depreciation | 18,872 | 11,278 |
| Auditors' remuneration | 4,355 | 3,093 |
| Accountancy services | <u>14,253</u> | <u>6,257</u> |

6. Staff costs

| | 2005 £ | 2004 £ |
|------------------------------|----------------|----------------|
| Staff costs were as follows: | | |
| Salaries and wages | 391,863 | 197,696 |
| Social security costs | <u>30,284</u> | <u>15,097</u> |
| | <u>422,147</u> | <u>212,793</u> |

The average weekly number of employees during the year, calculated on the basis of full time equivalents, was as follows:

| | 2005 No. | 2004 No. |
|---------------------------------|-------------|-------------|
| Project work | 19 | 10 |
| Activities for generating funds | 5 | 2 |
| Administration | 1 | 1 |
| Directors | <u>4</u> | <u>5</u> |
| | <u>29</u> | <u>18</u> |

No employee earns more than £50,000 per annum (2004: none).

EAST DURHAM PARTNERSHIP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2005 (CONT)

7. Tangible fixed assets

| | Computers £ | Fixtures and equipment £ | Motor vehicles £ | Total £ |
|-----------------------|------------------------|---|---------------------------------|--------------------|
| Cost | | | | |
| At 1 April 2004 | 36,921 | 9,271 | 35,428 | 81,620 |
| Additions | 18,131 | 5,583 | 20,867 | 44,581 |
| At 31 March 2005 | <u>55,052</u> | <u>14,854</u> | <u>56,295</u> | <u>126,201</u> |
| Depreciation | | | | |
| At 1 April 2004 | 11,937 | 958 | 6,871 | 19,766 |
| Charge for year | 7,801 | 2,308 | 8,763 | 18,872 |
| At 31 March 2005 | <u>19,738</u> | <u>3,266</u> | <u>15,634</u> | <u>38,638</u> |
| Net book value | | | | |
| At 31 March 2005 | <u>35,314</u> | <u>11,588</u> | <u>40,661</u> | <u>87,563</u> |
| At 31 March 2004 | <u>24,984</u> | <u>8,313</u> | <u>28,557</u> | <u>61,854</u> |

8. Debtors

| | 2005 £ | 2004 £ |
|--------------------------------------|-------------------|-------------------|
| Grants and project income receivable | 217,412 | 39,562 |
| Other debtors | <u>29,352</u> | <u>37,968</u> |
| | <u>246,764</u> | <u>77,530</u> |

9. Creditors

Amounts falling due within one year

| | 2005 £ | 2004 £ |
|------------------------------|-------------------|-------------------|
| Deferred project funding | - | - |
| Activity expenditure payable | 50,547 | 11,623 |
| Tax and social security | 9,294 | 3,308 |
| Other creditors | <u>27,418</u> | <u>16,187</u> |
| | <u>87,259</u> | <u>31,118</u> |

10. Analysis of net assets between funds

| | Unrestricted general funds £ | Restricted funds £ | Total funds £ |
|-----------------------|---|-----------------------------------|------------------------------|
| Tangible fixed assets | 43,908 | 43,655 | 87,563 |
| Current assets | 286,278 | 70,654 | 356,932 |
| Current liabilities | <u>(41,289)</u> | <u>(45,970)</u> | <u>(87,259)</u> |
| | <u>288,897</u> | <u>68,339</u> | <u>357,236</u> |

EAST DURHAM PARTNERSHIP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2005 (CONT)

11. Movements in funds

| | As at 1/4/2004 £ | Incoming Resources £ | Outgoing Resources £ | Transfer between funds £ | As at 31/3/2005 £ |
|---|---------------------------------|-------------------------------------|-------------------------------------|---|----------------------------------|
| Restricted funds | | | | | |
| CAPITAL project | 48,856 | 83,804 | (123,638) | (9,022) | - |
| CAPITAL project II | - | 182,221 | (161,780) | - | 20,441 |
| Positive Pathways project | 35,909 | - | (20,373) | (15,536) | - |
| Community Enterprise Support | 1,505 | 17,552 | (30,447) | 12,518 | 1,128 |
| Helping Hands project | - | 6,267 | (12,369) | 6,102 | - |
| Furniture Recycling project | - | 15,621 | (31,194) | 25,361 | 9,788 |
| Anti-Social behaviour and Disaffected Youth projects | 6,189 | 13,840 | (21,172) | 2,935 | 1,792 |
| Life Park development | 9,500 | - | (3,675) | - | 5,825 |
| Health advisory | 8,700 | - | (8,700) | - | - |
| Youth Club project | 5,000 | (1,784) | (2,522) | - | 694 |
| Crafts class | - | 5,000 | - | - | 5,000 |
| Marketing strategy training | 4,501 | - | (2,756) | 31 | 1,776 |
| Disabled access | 5,000 | (1,486) | - | - | 3,514 |
| Children's warehouse project | - | 2,570 | (2,570) | - | - |
| UK Online Initiative | - | 13,200 | (268) | - | 12,932 |
| Football coaching | - | 12,000 | (8,740) | - | 3,260 |
| Adult teaching | - | 4,000 | (4,000) | - | - |
| New deal | - | 4,850 | (3,161) | - | 1,689 |
| Health forum | - | 500 | - | - | 500 |
| Total restricted funds | <u>125,160</u> | <u>358,155</u> | <u>(437,365)</u> | <u>22,389</u> | <u>68,339</u> |
| Unrestricted funds | | | | | |
| General funds | <u>156,786</u> | <u>409,165</u> | <u>(254,665)</u> | <u>(22,389)</u> | <u>288,897</u> |
| Total unrestricted funds | <u>156,786</u> | <u>409,165</u> | <u>(254,665)</u> | <u>(22,389)</u> | <u>288,897</u> |
| Total funds | <u>281,946</u> | <u>767,320</u> | <u>(692,030)</u> | <u>-</u> | <u>357,236</u> |
| As originally stated | 126,038 | | | | |
| Prior year adjustment | <u>155,908</u> | | | | |
| | <u>281,946</u> | | | | |

The prior year adjustment relates to changes in accounting policy relating to the recognition of income, capital grants, and the recognition of expenditure.

The previous accounting policy was to match income with expenditure in the period in which expenditure was incurred. Capital grant income was deferred and written off over the useful life of the related assets.

Income and capital grants are now recognised in the period in which they are receivable, and allocated to restricted or unrestricted funds as appropriate.

Balances on restricted funds comprise the book value of fixed assets within those funds, and the amount of income recognised but not expended at the balance sheet date.

EAST DURHAM PARTNERSHIP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2005 (CONT)

11. Movements in funds (cont)

Purposes of restricted funds

Positive Pathways - CAPITAL project, Positive Pathways - EDP and Positive Pathways - CAPITAL II project

This purpose of these projects was to tackle social problems in the East Durham area.

Community Enterprise Support

The purpose of this project was to improve the employability of residents in the East Durham area.

Helping Hands project

The purpose of this project was to provide employment and to provide decorating and maintenance services to disadvantaged residents.

Furniture Recycling project

This project provides an enterprise facility to encourage the economic and social regeneration of targeted communities, contributing to the raising of achievements and aspirations.

Anti-Social Behaviour and Disaffected Youth projects

These projects comprised an anti-social behaviour programme and the provision of training to disaffected young people to provide them with a pathway to employment opportunity.

Life Park development

This was a consultancy project aimed at the development of a Life Park at Shotton Hall school.

Health advisory

This project provided a referral and advice centre for teenagers in the community.

Marketing strategy training

This project was to provide staff of East Durham Partnership with marketing skills to enable them to promote the charity in the community.

UK Online Initiative

This project was for the purchase of IT equipment and the provision of training as part of the government's UK online initiative.

Disabled access

This project was to provide the charity's building with adequate access for the disabled by constructing a pathway and larger entrance.

Children's warehouse project

This aim of this project was to establish an enterprise for young people.

Youth Club project

This project assisted with establishing a youth club at Shotton Hall School.

Football coaching

This project was for the provision of football coaching in the local community.

Crafts class and Adult teaching

These projects provided educational facilities for adults.

EAST DURHAM PARTNERSHIP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2005 (CONT)

12. Leasing commitments

| | 2005 | | 2004 | |
|--------------------------------|-------------------------------------|--------------------|-------------------------------------|--------------------|
| | Land and buildings £ | Other £ | Land and buildings £ | Other £ |
| Operating leases which expire: | | | | |
| Within one year | 8,671 | - | 705 | - |
| Within two to five years | 37,451 | - | 24,123 | - |
| | <u>46,122</u> | <u>-</u> | <u>24,828</u> | <u>-</u> |

13. Share capital

The company does not have share capital, but every member of the company undertakes to contribute such an amount, not exceeding £10, as may be required to the assets of the company if it should be wound up while he is a member or within one year after he ceases to be a member for payments of the debts and liabilities of the company contracted before he ceases as a member and the costs charges and expenses of winding up and for the adjustments of the rights of the contributories among themselves.

14. Trustee expenses and remuneration

No expenses incurred by trustees were reimbursed during the year, and no remuneration was paid (2004: nil).

15. Controlling party

In the opinion of the trustees, the charitable company does not have a controlling party.

16. Related parties

The company is accommodated in the Resource Centre at Shotton Hall School as part of the school's services to the community. The accommodation comprises a central ITC area and four offices. The company provides limited support services to the school which includes ITC support, occasional supervision for appropriate groups, provision of a minibus and driver, football coaching, Youth Club support, advice with alternative accommodation and a payroll service for certain staff. The school provides the accommodation at no cost between the hours of 8.00 a.m. and 5.00 p.m. but invoices for the cost of security and heating for accommodation outside those hours. The free accommodation represents £40,700 approx of in kind match funding in the period September 2002 to August 2004 (the duration of the Capital project). From September 2004 the accommodation represents in kind match funding for the Urban 2 Capital 2 project in terms of the provision of a central administration base for the project.

Ellen Foxton is Head of Faculty (Extended and Community Services) and has during the period January to December 2004 used some of her time to manage the Furniture Recycling project. This time is costed at the LEA rate appropriate to her position and used as in kind match funding. Ellen Foxton received a salary of £9,981 (2004: -) from the company during the year.

EAST DURHAM PARTNERSHIP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2005 (CONT)**

16. Related parties (continued)

The relationship has to date been a loose reciprocal arrangement whereby both organisations receive benefit. All cash transactions and/or match funding in kind has however been documented for audit purposes. From 2006 the two organisations will be establishing a service level agreement which will detail the services (with associated costs) which constitute the basis of the agreement.

Mrs. M Shepherd, a person connected with Mr F. Shepherd, trustee, received a salary of £28,653 (2004: £24,946) from the company during the year.