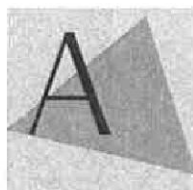


REPORT OF THE TRUSTEES AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016
FOR
DAVENANT CENTRE (THE)
(A COMPANY LIMITED BY GUARANTEE)



ASHFORDS
Partnership LLP

Chartered Certified Accountants
Registered Auditors

DAVENANT CENTRE (THE)
(A COMPANY LIMITED BY GUARANTEE)

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FOR THE YEAR ENDED 31 MARCH 2016

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DAVENANT CENTRE (THE)
(A COMPANY LIMITED BY GUARANTEE)

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2016

The Trustees who are also directors of the charity for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the year ended 31 March 2016. The Trustees have adopted the provisions of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard for Smaller Entities (the FRSSE) (effective 1 January 2015).

OBJECTIVES AND ACTIVITIES

Objectives and aims

The charity's principal activity during the year continued to be the provision of two community centres for the educational and social benefits of the inhabitants of the London Borough of Tower Hamlets.

The two Community Centres are occupied on Leases by:-

a) Bangladeshi Drugs Project, a registered charity. The main objective of this charity is to provide counselling, treatment for drug addiction and drug education services to the community in London and the Tower Hamlets.

b) Jagonari Women's Educational Resource Centre Ltd, a registered charity. The main objective of this charity was to provide adult learning, health and wellbeing and provision of other services for women in London and Tower Hamlets. In addition it provided children's playgroup services and a crèche facility for women accessing services at the Centre. On 29th September 2015, this charity went into liquidation and vacated the premises. Rainbow House, an established local provider of children's playgroup services have taken occupation of part of the premises from 2nd October 2015 under a lease.

The Trustees consider that The Davenant Centre charity is achieving its objectives through the above two organisations who occupy the properties owned by the charity.

The Trustees confirm that they have given due consideration to the Charity Commission's published guidance on the Public Benefit requirement under the Charities Act 2011.

FINANCIAL REVIEW

Principal funding sources

The Davenant Centres main source of funding during the period is from rental income derived from the letting of its two properties to other charities.

Reserves policy

The Unrestricted funds at 31st March 2016 amounted to £38,812 (2015 £66,273). These funds represent surplus/deficit on the day-to-day activities of the charity.

The restricted funds at 31st March 2016 amounted to £3,517,012 (2015 £3,459,591). The restricted funds represent the net book value of the freehold land and buildings less the related loans.

The property revaluation reserve restricted funds at 31st March 2016 amounted to £590,659 (2015 £563,745). These funds can only be used for any accounting adjustments in the fair value of the freehold properties.

The restricted funds cannot be used for the day-to-day activities of the charity.

Summary of activities for the year

The total income receivable by the charity in the year amounted to £134,903 (2015 £146,422). The total expenditure for the year amounted to £104,943 (2015 (£2,060,291)). The Net Income for the year amounted to £29,960 (2015 £2,206,713 (following the reclassification and revaluation of the properties during 2015 and writing back of the Depreciation charged on freehold properties amounting to £2,152,365).

The charity has reduced its overall debt by £84,334 to £874,330 at the year end.

REVALUATION OF FREEHOLD PROPERTY

The properties were professionally valued by Dobbin & Sullivan, Chartered Surveyors during November 2015 at an open market value of £4,982,000. The Trustees are of the opinion that this amount represents a fair value at the Balance Sheet date and have re-valued the asset accordingly.

DAVENANT CENTRE (THE)
(A COMPANY LIMITED BY GUARANTEE)

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2016

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

The company is registered as a charitable company limited by guarantee as set up in the Memorandum of Association on 13 March 1984. The management of the company is the responsibility of the Trustees who are elected and co-opted under the terms of the Articles of Association. The board of directors is made up of the Trustees of The Davenant Centre.

Recruitment and appointment of new trustees

During the year Ms S Begum resigned as a Trustee and Mr J Pulford and Mr G Collins were appointed to the board. The Trustees will take into account that any new appointments will have an appropriate mix of business skills.

Following the year end, Mr C Holme resigned as a Trustee, Director and Secretary on 22nd September 2016.

Organisational structure

The Trustees are responsible for the overall management of the charity. The Trustees have appointed a consultant to manage the two properties owned by the charity and provide administrative and financial services to the charity. Due to the nature of the charity's activities, the Trustees meet to review the charity's activities as and when required and also on an informal basis. The charity has no employees.

Induction and training of new trustees

New Trustees are made aware of their responsibilities. This includes an introduction to the objectives, scope and policies of the charity.

Related parties

The London Borough of Tower Hamlets (LBTH) has provided financial support through an overdraft facility to the charity. These facilities amounted to £563,407 at 31st March 2016 (2015 £555,644). Interest is payable on this facility and is secured by a second charge over the Charity's properties. Mr C Holmes and Mrs J R Odunoye were Trustees of the Charity as well as senior officers at the LBTH during the financial year. Post the year end both have resigned their positions with LBTH.

REFERENCE AND ADMINISTRATIVE DETAILS

Registered Company number

01799707 (England and Wales)

Registered Charity number

289235

Registered office

114-116 Goodmayes Road
Ilford
Essex
IG3 9UZ

Trustees

C Holme	- resigned 22.9.16
Mrs J R Odunoye BSc	
Miss S Begum	- resigned 24.2.16
J A Pulford MBE MBA	- appointed 24.2.16
G K Collins BSc MSc	- appointed 24.2.16
Ms A L Hurrell BSc MA	- appointed 31.8.16

Company Secretary

Senior Statutory Auditor

Rameshchandra Arjan

DAVENANT CENTRE (THE)
(A COMPANY LIMITED BY GUARANTEE)

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2016

REFERENCE AND ADMINISTRATIVE DETAILS

Auditors

Ashfords Partnership LLP
114 - 116 Goodmayes Road
Ilford
Essex
IG3 9UZ

Bankers

National Westminster Bank PLC
Mile End Branch
Albion Yard
331/335 Whitechapel Road
London
E1 1AU

BACKGROUND INFORMATION OF THE CHARITY

The Davenant Centre is a former GLC owned building that was transferred by Grant Aid, along with the neighbouring Jaganori Centre to the Trustees of the Centre in 1984 by the formation of a Company Limited by guarantee. The two properties are located at 179-181 and 183-185 Whitechapel Road, London E1.

In 2004, the charity embarked on a major capital project to transform the building (a former Victorian school) into a modern education and youth centre with the help of funding secured from a number of sources including loan facilities from Nat West Bank.

However by 2005 the project was suffering from severe funding shortage resulting from costs overrun as a consequence of a number of factors including the discovery of ancient burial remains and increases in building material costs.

During 2006, The Davenant Centre encountered significant internal management problems, culminating in lengthy litigation proceedings between a number of former trustees and the management committee (new trustees) resulting in payment delays to the builders, additional legal costs and interest payments on contractual liabilities.

A court order was subsequently approved in February 2007 setting out various conditions including the creation of a steering committee consisting of no more than 4 people to carry out the function of the management committee to deal with all matters arising from and relating to the financial affairs and day-to-day business of the Centre.

During 2007 and 2008, The Davenant Centre had serious financial problems resulting from delays in completion of the Centre and the consequent loss of revenue from rental income. This led to the Centre defaulting on loan repayments to the Bank and the renegotiation of the facilities.

In the early part of 2009, London Borough of Tower Hamlets considered that there would be a very high risk that a high profile community asset which has benefited from significant public investment, would be lost and advanced further funding facilities in subordination to the NatWest Loan facilities, subject to a number of conditions.

As part of the financial restructuring, The Davenant Centre was taken into administration in July 2009. The NatWest Bank loan terms were further renegotiated and the LBTH advanced additional funding facilities to the Centre. Two senior officers of the LBTH were appointed to the board of Trustees to ensure correct governance of the organisation. As Trustees, they have been required to take a disinterested view in the affairs of The Davenant Centre independently from their responsibilities as council officers.

From this point, The Davenant Centre embarked upon a business recovery process aimed at ensuring that the Centre was able to pay all outgoings from its income and that the two buildings in its portfolio remain available for community use. The Trustees have also ensured that the charity's debt repayments are met on time and have focused on reducing the total debt of the charity.

As part of this recovery process, in a bid to reduce the outgoings, the Trustees decided to change its business model from letting of serviced offices at the Centre to a grant of leases to single occupiers for each of the two properties. The two buildings were let out to two separate charities whose aims and objectives correlated to those of The Davenant Centre.

DAVENANT CENTRE (THE)
(A COMPANY LIMITED BY GUARANTEE)

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2016

GOING CONCERN

The company is closely associated with the LBTH and Mr C Holme and Mrs J R Odunoye were senior employees of LBTH.

The company continues to receive financial support through an overdraft facility from the LBTH and the amount outstanding as at 31 March 2016 amounted to £563,407 (2015 £555,644). The current economic conditions potentially create uncertainty over the availability of LBTH finance in the foreseeable future. The company's forecasts and projections, taking account of reasonably possible changes in income generating performance, show that the company should be able to operate within the level of its current facility. The company has held discussion with LBTH management officials about its future borrowing needs and no matters have been drawn to its attention to suggest that renewal may not be forthcoming on acceptable terms. The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

STATEMENT OF TRUSTEES RESPONSIBILITIES

The Trustees (who are also the directors of Davenant Centre (The) (A company limited by guarantee) for the purposes of company law) are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing those financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charity SORP;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable 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 to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the Trustees are aware, there is no relevant information (as defined by Section 418 of the Companies Act 2006) of which the charitable company's auditors are unaware, and each Trustee has taken all the steps that they ought to have taken as a trustee in order to make them aware of any audit information and to establish that the charitable company's auditors are aware of that information.

AUDITORS

The auditors, Ashfords Partnership LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

Approved by order of the board of Trustees on17 OCTOBER 2016..... and signed on its behalf by:

.....JAP Relford.....
Trustee

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
DAVENANT CENTRE (THE)
(A COMPANY LIMITED BY GUARANTEE)

We have audited the financial statements of Davenant Centre (The). (A company limited by guarantee) for the year ended 31 March 2016 on pages seven to fourteen. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective January 2015) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

As explained more fully in the Statement of Trustees Responsibilities set out on page four, the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report of the Trustees to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2016 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

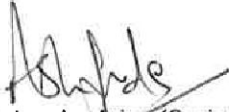
In our opinion the information given in the Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
DAVENANT CENTRE (THE)
(A COMPANY LIMITED BY GUARANTEE)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Trustees.



Rameshchandra Arjan (Senior Statutory Auditor)
for and on behalf of Ashfords Partnership LLP
114 - 116 Goodmayes Road
Ilford
Essex
IG3 9UZ

Date: 12th October 2016

DAVENANT CENTRE (THE)
(A COMPANY LIMITED BY GUARANTEE)

STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 MARCH 2016

	Not es	Unrestricted funds £	Restricted funds £	31.3.16 Total funds £	31.3.15 Total funds £
INCOME AND ENDOWMENTS FROM					
Investment income	2	131,900	-	131,900	145,222
Other income		<u>3,003</u>	<u>-</u>	<u>3,003</u>	<u>1,200</u>
Total		134,903	-	134,903	146,422
EXPENDITURE ON					
Raising funds	3	<u>90,278</u>	<u>14,665</u>	<u>104,943</u>	<u>(2,060,291)</u>
NET INCOME/(EXPENDITURE)		44,625	(14,665)	29,960	2,206,713
Transfers between funds	11	<u>(72,086)</u>	<u>72,086</u>	<u>-</u>	<u>-</u>
Other recognised gains/(losses)					
Gains/(losses) on investment assets		<u>-</u>	<u>26,914</u>	<u>26,914</u>	<u>563,745</u>
Net movement in funds		(27,461)	84,335	56,874	2,770,458
RECONCILIATION OF FUNDS					
Total funds brought forward		<u>66,273</u>	<u>4,023,336</u>	<u>4,089,609</u>	<u>1,319,151</u>
TOTAL FUNDS CARRIED FORWARD		<u>38,812</u>	<u>4,107,671</u>	<u>4,146,483</u>	<u>4,089,609</u>

The notes form part of these financial statements

DAVENANT CENTRE (THE)
(A COMPANY LIMITED BY GUARANTEE)

BALANCE SHEET
AT 31 MARCH 2016

	Notes	Unrestricted funds £	Restricted funds £	31.3.16 Total funds £	31.3.15 Total funds £
FIXED ASSETS					
Investment property	6	-	4,982,000	4,982,000	4,982,000
CURRENT ASSETS					
Debtors	7	32,054	-	32,054	26,004
Cash at bank and in hand		<u>61,636</u>	<u>-</u>	<u>61,636</u>	<u>52,260</u>
		93,690	-	93,690	78,264
CREDITORS					
Amounts falling due within one year	8	(54,878)	(561,965)	(616,843)	(564,582)
NET CURRENT ASSETS/(LIABILITIES)		<u>38,812</u>	<u>(561,965)</u>	<u>(523,153)</u>	<u>(486,318)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		38,812	4,420,035	4,458,847	4,495,682
CREDITORS					
Amounts falling due after more than one year	9	-	(312,364)	(312,364)	(406,073)
NET ASSETS		<u>38,812</u>	<u>4,107,671</u>	<u>4,146,483</u>	<u>4,089,609</u>
FUNDS	11				
Unrestricted funds				38,812	66,273
Restricted funds				<u>4,107,671</u>	<u>4,023,336</u>
TOTAL FUNDS				<u>4,146,483</u>	<u>4,089,609</u>

These financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small charitable companies and with the Financial Reporting Standard for Smaller Entities (effective January 2015).

The financial statements were approved by the Board of Trustees on 17 OCTOBER 2016 and were signed on its behalf by:

JAPulford
Trustee

AMU
Trustee

The notes form part of these financial statements

DAVENANT CENTRE (THE)
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016

1. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements of the charitable company have been prepared in accordance with the Charities SORP (FRSSE) 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard for Smaller Entities (the FRSSE) (effective 1 January 2015)', the Financial Reporting Standard for Smaller Entities (effective January 2015) and the Companies Act 2006. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain assets.

Income

All income is recognised in the Statement of Financial Activities once the charity has entitlement to the funds, it is probable that the income will be received and the amount can be measured reliably.

Expenditure

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Investment property

Investment property is shown at most recent valuation. Any aggregate surplus or deficit arising from changes in market value is transferred to a revaluation reserve.

The Trustees consider that no Depreciation provision is required on the Investment properties.

Taxation

The charity is exempt from corporation tax on its charitable activities.

Fund accounting

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

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors which have been raised by the charity for particular purposes. The cost of raising and administering such fund are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

2. INVESTMENT INCOME

	31.3.16	31.3.15
	£	£
Rents received	125,224	135,833
Insurance reimbursed	6,671	9,389
Deposit account interest	5	-
	<u>131,900</u>	<u>145,222</u>

DAVENANT CENTRE (THE)
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2016

3. RAISING FUNDS

Investment management costs

	31.3.16	31.3.15
	£	£
Insurance	9,463	9,389
Sundries	40	103
Management fees	26,965	10,901
Property repairs	6,614	-
Bad debt	32,500	46,121
Bank Charges	358	383
Light & heat	1,263	-
Irrecoverable VAT	-	149
Bank interest	6,902	8,465
Interest - LBTH overdraft	7,763	7,763
Accountancy fees	2,600	6,600
Auditors' remuneration	2,500	2,200
Legal & professional fees	7,975	-
Exceptional items (Note 15)	-	(2,152,365)
	<u>104,943</u>	<u>(2,060,291)</u>

4. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 31 March 2016 nor for the year ended 31 March 2015.

Trustees' expenses

There were no trustees' expenses paid for the year ended 31 March 2016 nor for the year ended 31 March 2015.

5. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted funds £	Restricted funds £	Total funds £
INCOME AND ENDOWMENTS FROM			
Investment income	145,222	-	145,222
Other income	<u>1,200</u>	<u>-</u>	<u>1,200</u>
Total	146,422	-	146,422
EXPENDITURE ON			
Raising funds	<u>75,847</u>	<u>(2,136,138)</u>	<u>(2,060,291)</u>
Total	75,847	(2,136,138)	(2,060,291)
NET INCOME/(EXPENDITURE)	70,575	2,136,138	2,206,713
Transfers between funds	<u>(92,238)</u>	<u>92,238</u>	<u>-</u>
Other recognised gains/(losses)			
Gains/(losses) on investment assets	<u>-</u>	<u>563,745</u>	<u>563,745</u>
Net movement in funds	(21,663)	2,792,121	2,770,458

DAVENANT CENTRE (THE)
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2016

5. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES - continued

	Unrestricted funds £	Restricted funds £	Total funds £
RECONCILIATION OF FUNDS			
Total funds brought forward	87,936	1,231,215	1,319,151
TOTAL FUNDS CARRIED FORWARD	<u>66,273</u>	<u>4,023,336</u>	<u>4,089,609</u>

6. INVESTMENT PROPERTY

	£
MARKET VALUE	
At 1 April 2015 and 31 March 2016	4,982,000
Revaluation	26,914
Capital goods scheme net adjustment	<u>(26,914)</u>
At 31 March 2016	<u>4,982,000</u>
NET BOOK VALUE	
At 31 March 2016	<u>4,982,000</u>
At 31 March 2015	<u>4,982,000</u>

The two properties at 179-181 and 183-185 Whitechapel Road, London, E1 1DN were revalued by Dobbin & Sullivan, Chartered Surveyors during November 2015 at £4,982,000. The Trustees are of the opinion that this value represents a fair value at the Balance Sheet date and have revalued the properties accordingly.

During the year, the Charity received a credit of £26,914 from the VAT office in relation to the Capital goods scheme. The Trustees have accordingly adjusted the revaluation reserve by this amount to arrive at the overall open market value of the properties.

7. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.3.16 £	31.3.15 £
Amount due from tenants	27,131	17,560
VAT	-	3,643
Prepayments	<u>4,923</u>	<u>4,801</u>
	<u>32,054</u>	<u>26,004</u>

DAVENANT CENTRE (THE)
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2016

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.3.16	31.3.15
	£	£
Bank loans and overdrafts	93,559	91,947
LBTH overdraft facility	468,407	460,644
VAT	4,413	-
Rent deposit and interest	3,027	-
Accruals	18,721	9,036
Rent received in advance	<u>28,716</u>	<u>2,955</u>
	<u>616,843</u>	<u>564,582</u>

9. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	31.3.16	31.3.15
	£	£
Bank loans more 5 yr by instal	217,364	311,073
LBTH overdraft facility	<u>95,000</u>	<u>95,000</u>
	<u>312,364</u>	<u>406,073</u>

Amounts falling due in more than five years:

Repayable by instalments:		
Bank loans more 5 yr by instal	<u>217,364</u>	<u>311,073</u>

The Bank loan is repayable in monthly installments and is due for final repayment by 30th September 2019.

The London Borough of Tower Hamlets overdraft is repayable on demand.

10. SECURED DEBTS

The following secured debts are included within creditors:

	31.3.16	31.3.15
	£	£
Bank loans	310,923	403,020
LBTH Overdraft facility	<u>563,407</u>	<u>555,644</u>
	<u>874,330</u>	<u>958,664</u>

The bank loan is secured by a first charge on the charity's freehold property.

The London Borough of Tower Hamlets overdraft facility is secured by a subsequent charge on the charity's freehold property.

DAVENANT CENTRE (THE)
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2016

11. MOVEMENT IN FUNDS

	At 1.4.15 £	Net movement in funds £	Transfers between funds £	At 31.3.16 £
Unrestricted funds				
General fund	66,273	44,625	(72,086)	38,812
Restricted funds				
General fund	3,459,591	(14,665)	72,086	3,517,012
Property revaluation reserve.	563,745	26,914	-	590,659
	4,023,336	12,249	72,086	4,107,671
TOTAL FUNDS	<u>4,089,609</u>	<u>56,874</u>	<u>-</u>	<u>4,146,483</u>

Net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
Unrestricted funds				
General fund	134,903	(90,278)	-	44,625
Restricted funds				
General fund	-	(14,665)	-	(14,665)
Property revaluation reserve.	-	-	26,914	26,914
	-	(14,665)	26,914	12,249
TOTAL FUNDS	<u>134,903</u>	<u>(104,943)</u>	<u>26,914</u>	<u>56,874</u>

Purposes of unrestricted funds

Unrestricted funds represents the Surplus/deficit on the day to day activities of the charity.

Purposes of restricted funds

The general restricted funds represents the net book value of the freehold land and building less the related loans.

The Property revaluation reserve represents the increase/decrease in the book value of the freehold properties at fair value. The properties will be revalued every three years and any adjustments to this value will be accounted for through this reserve.

Transfers between funds

The transfer between funds represents the Bank loan repayments and other transactions from unrestricted funds for restricted purposes.

DAVENANT CENTRE (THE)
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2016

12. CONTINGENT LIABILITIES

The land and building were purchased by use of grant aid exceeding £1.6 million. The initial and by far the most substantial grants was from Greater London Council (GLC). A condition of the grant aid was that GLC and successors in title have a mortgage charge secured on the property to the extent of the grant aid (£1,093,470). This charge was for thirty years from 6 June 1984 to 5th June 2014 and has now expired. As the GLC has been abolished, it is unclear who the successors in title are and the legal charge remains in place at the Land Registry. The mortgage is a charge, contingent on any breaches of the conditions of grant aid and would normally be payable.

On 22nd July 2005, the Big Lottery Fund have advanced £250,000 to the charity as a grant for youth service project and contribution towards the cost of refurbishment of the centre. The grant is for a period of 20 years to 22nd July 2025. A part of the grant is repayable if the charity is unable to deliver certain outputs and outcomes. The grant is secured by a charge over the charity's freehold property.

13. RELATED PARTY DISCLOSURES

There were no related party transactions for the year ended 31 March 2016.

14. GOING CONCERN

The accounts have been prepared on a going concern basis on the assumption that the company will continue to receive adequate financial support from the London Borough of Tower Hamlets and as further noted in the report of the Trustees on page 2 of the accounts.

15. EXCEPTIONAL ITEM

As a result of the revaluation and reclassification of the Charities two properties as Investment properties, Depreciation on buildings amounting to £2,152,365 provided in previous years accounts has been written back in the 2015.

DAVENANT CENTRE (THE)
(A COMPANY LIMITED BY GUARANTEE)

DETAILED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 MARCH 2016

	31.3.16 £	31.3.15 £
INCOME AND ENDOWMENTS		
Investment income		
Rents received	125,224	135,833
Insurance reimbursed	6,671	9,389
Deposit account interest	5	-
	<u>131,900</u>	<u>145,222</u>
Other income		
Insurance claim	<u>3,003</u>	<u>1,200</u>
Total incoming resources	134,903	146,422
EXPENDITURE		
Investment management costs		
Insurance	9,463	9,389
Sundries	40	103
Management fees	26,965	10,901
Property repairs	6,614	-
Bad debt	32,500	46,121
Bank Charges	358	383
Light & heat	1,263	-
Irrecoverable VAT	-	149
Bank interest	6,902	8,465
Interest - LBTH overdraft	7,763	7,763
Accountancy fees	2,600	6,600
Auditors' remuneration	2,500	2,200
Legal & professional fees	7,975	-
Exceptional items (Note 15)	<u>-</u>	<u>(2,152,365)</u>
	<u>104,943</u>	<u>(2,060,291)</u>
Total resources expended	104,943	(2,060,291)
Net income	<u>29,960</u>	<u>2,206,713</u>

This page does not form part of the statutory financial statements