

**Charity Registration No. 1129502**

**Company Registration No. 04357221 (England and Wales)**

**CENTRE WEST (NEWCASTLE)**  
**(A COMPANY LIMITED BY GUARANTEE)**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2019**

**CENTRE WEST (NEWCASTLE)**  
**(A COMPANY LIMITED BY GUARANTEE)**  
**LEGAL AND ADMINISTRATIVE INFORMATION**

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<b>Registered charity name</b>	Centre West (Newcastle)
<b>Also known as</b>	Centre West
<b>Trustees</b>	G R Curry F Laird C Waugh H Rahman L Douglas J Byrne (Appointed 17 July 2018) M Cole (Appointed 17 July 2018)
<b>Charity number</b>	1129502
<b>Company number</b>	04357221
<b>Registered office</b>	28 Hawthorn Terrace Elswick Newcastle upon Tyne NE4 6RJ
<b>Auditor</b>	RMT Accountants & Business Advisors Ltd Gosforth Park Avenue Newcastle upon Tyne NE12 8EG
<b>Bankers</b>	The Co-operative Bank PO Box 250 Delf House Southway Skelmersdale WN8 6WT

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# **CENTRE WEST (NEWCASTLE)**

## **(A COMPANY LIMITED BY GUARANTEE)**

### **TRUSTEE'S REPORT (INCLUDING DIRECTORS' REPORT)**

#### **FOR THE YEAR ENDED 31 MARCH 2019**

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The trustees present their report and financial statements for the year ended 31 March 2019.

The accounts have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the charity's memorandum and articles of association, the Companies Act 2006 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015)"

#### **Objectives and activities**

The charity's objects is "to directly contribute to the closing of the gaps in quality of life between the people of the West End and the remainder of the City and enhance their life chances".

This is a broad, cross cutting remit. In working towards the social, economic and physical regeneration of the inner west of Newcastle, Centre West currently undertakes a range of activities in keeping with its social enterprise ethos to achieve this including:

- maintaining a portfolio of properties to give Centre West a stable financial footing and benefit the community by clustering activity and services in the west end, creating opportunities for the area.
- in partnership with Groundwork South Tyneside and Newcastle developing the Beacon as an employment and enterprise hub.
- seeking out, developing and delivering targeted enterprises and initiatives to increase opportunities and open up choice for individuals and communities, e.g. Hat-trick.
- maintaining strategic relationships with key service providers and local decision-makers to influence and inform the design and delivery of services and shape planning and investment in redevelopment of the area.
- sustaining a network of community intelligence, brokering conversations and supporting our communities to play a role in the decisions that affect the west end of Newcastle.

The trustees have paid due regard to guidance issued by the Charity Commission in deciding what activities the charity should undertake.

#### **Achievements and performance**

The challenges facing the communities of the inner-west of Newcastle remain significant. This is exacerbated by the current economic climate, which is constraining solutions and altering the public sector infrastructure delivering services to the area. Centre West is taking an incremental approach to these challenges, all the while championing the place of communities in those decisions that affect the area and the lives of those living there.

Following the adoption of the last new three year strategy a risk assessment has been used to inform the Board of progress against timescales/budgets and manage ongoing risk against objectives. All properties in the portfolio have been sold apart from the Hawthorn Terrace property which is now on the market. Cash reserves have increased significantly in the year with the likelihood further funds will be received from the sale of Hawthorn Terrace before the end of 2019/20.

Immediate priorities are to maximise income via interest on the balance and further reduce staff costs following the move from Hawthorn Terrace to the Beacon. In November 2018 Centre West facilitated the planned transfer of Elswick Pool to community control by offering grant funding. Over the medium to longer term the greatest challenge is to develop new initiatives which will enable Centre West to achieve its charitable objectives whilst generating a sustainable income. To achieve this objective Centre West will need to develop partnerships with other stakeholders in the community and key agents including the City Council and CCG which share Centre West's aim of regenerating of the inner west of Newcastle.

**CENTRE WEST (NEWCASTLE)  
(A COMPANY LIMITED BY GUARANTEE)  
TRUSTEE'S REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT)  
FOR THE YEAR ENDED 31 MARCH 2019**

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The primary focus of the Beacon Partnership for the next year is to generate a surplus and start to pay back the significant investment by both partners as quickly as possible. A new Marketing strategy has been adopted to generate interest and increase rental income. Rook Matthews Sayer has been re-engaged to promote the Centre and find tenants. Much of the focus of the work over the last 3 years has been on the operation and management of the Beacon. Following a tender process the Partnership Board have appointed external property management agents from September 2018. Systems and procedures have been improved and adopted to regularly review tenancies, supplier contracts, health and safety and manage debt. Staff and management arrangements have also been overhauled and a new structure and staff have been appointed which will significantly reduce the management commitment from both charities. The key priorities going forward to achieve significant cost reductions are to address the IT/Communications contract in April 2020 and a new utilities contract in October 2020. There are also plans to increase income from more office capacity converting unused space and for occupancy in the artisan units to increase further. The immediate target is to reduce losses and by 2020 to break even.

***Capital Assets***

Both 26 & 28 Hawthorn Terrace are being marketed for sale. The Company has continued its capital asset disposal process post year end, selling Prospect House in May 2018 and Condercum House in November 2018. This will provide an opportunity to develop services to the community which will also provide new business opportunities for Centre West while reducing reliance on capital asset income and towards new trading opportunities.

***The Beacon***

Occupying the site of the former West Road Fire Station, this £6.6 million development was completed in December 2011 and now provides a multi-use eco-friendly building for supporting and developing community enterprise, businesses, employment, education and training and events, conferences and community functions. Significantly, it is a partnership with the environmental charity, Groundwork South Tyneside and Newcastle.

The Beacon was officially opened by HRH Prince Michael, The Duke of Kent on 4th April 2012 and is making an important contribution to the local economy and business community. Demand for office accommodation and artisans workshops is consistently in excess of 90%.

***New Deal for Communities***

The widely regarded New Deal for Communities (Newcastle) ended in March 2010, having invested £55m in the area over ten years. Centre West is successor body to the programme, taking on the assets of the programme in line with a succession plan approved by the Department for Communities and Local Government (DCLG). Newcastle City Council acted as the Accountable Body for the Newcastle programme.

***Hat-trick***

Hat-Trick is a highly-regarded community sport coaching and health initiative. It has continued to grow and has continued to increase its surplus during 2018/19. Hat-Trick is planning to take on apprentices in 2019/20 and has established a national reputation for excellence. Both managers are in demand as business consultants for other sports based community initiatives around the country and this also presents an opportunity for growth. Hat-Trick have strong partnership links nationally, regionally and locally and this presents opportunities to further develop schemes of work such as family health, community safety, counter extremism, dangers of social media, holiday hunger and steps to employment. In 2018 – 2019 Hat-Trick's team of staff and volunteers reached over 2,000 children, young people and adults, raising aspirations, increasing opportunities and getting people active. The annual turnover and project delivery was at the highest level since the project's launch 10 years ago. In 2019/20 it continues to grow.

**CENTRE WEST (NEWCASTLE)  
(A COMPANY LIMITED BY GUARANTEE)  
TRUSTEE'S REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT)  
FOR THE YEAR ENDED 31 MARCH 2019**

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***Partnerships and community engagement***

Centre West maintained effective relationships with Newcastle City Council and other key service providers, navigating the significant policy landscape shifts at both national and local level, restructuring and refocusing of priorities. An example of the value achieved through partnership working is the key role played in the development of business planning for Elswick Pool.

The Charity plans to adopt a promotion strategy which includes regular Facebook posts to promote its activities and those of partner organisations to further charitable objectives in the area.

**Financial review**

This report relates to the period 2018-2019 during which income and expenditure related solely to the charity's core activities.

The cash reserves of the charity have been largely utilised in funding the operation of The Beacon over the last three years and have been boosted by the sale of three properties over the last two years.

***Reserves policy***

In 2018 - 2019 the Trustees continued to operate a prudent reserves policy to reflect the time of transition for the charity and turbulence in the economy. The trustees have established an unrestricted reserves policy level to allow the Board to take appropriate action to ensure the continuity of its operations for several months should income be interrupted. It also includes unanticipated costs including repairs and maintenance and staff absence.

***Risk statement***

Centre West maintains a risk register and regularly reviews and evaluates risk and identifies appropriate preventative activities to minimise risk to the organisation. Trustees are confident that risks have been identified and appropriate risk management measures are in place. However risks are kept under continual review and regular risk evaluation exercises are undertaken with trustees.

***Grants and contracts***

The Hat-Trick project, a football in the community intervention for young people, continues to attract funding from a range of funders in the form of grants and contracts.

***Plans for the future***

During 2019 -2020 Centre West's strategic aims are –

- Reverse the losses and generate a surplus from the Beacon operations
- Market and sell all remaining properties apart from the Beacon and release capital for investment in new community initiatives
- Grow the project increase in size and scope for the services offered to young people by Hat-Trick
- Develop a relationship and explore business opportunities with the Helix, Campus for Ageing and Vitality
- Expand the numbers and expertise of the Centre West Board
- Following the reopening of Elswick Pool work with the Board to ensure its commercial success
- Maintain and update marketing through the website and social media

We will continue the prudent management of our assets and explore further diversification of income to reduce risk and increase capacity for further community activity.

**CENTRE WEST (NEWCASTLE)  
(A COMPANY LIMITED BY GUARANTEE)  
TRUSTEE'S REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT)  
FOR THE YEAR ENDED 31 MARCH 2019**

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The asset strategy will be kept under review to ensure risk to income is minimised and return on investment and community outcomes maximised.

Hat-trick will undertake a review of its business model to ensure its ongoing sustainability. Indications are that the strong reputation the project has developed with funders, partners and beneficiaries places the project in a strong position to address any challenges it may face.

**Structure, governance and management**

Centre West (Newcastle) is a charitable company limited by guarantee and was established as a charity in May 2009 to lead the regeneration of the Cruddas Park, Arthur's Hill, Ryehill and Elswick areas of the West End of Newcastle. It is the successor to New Deal for Communities (Newcastle) Limited.

Centre West (Newcastle) is governed by a memorandum and articles of association. The governance is the responsibility of the Board of Trustees, which takes decisions on the strategic leadership of the organisation by democratic majority vote at its general meetings, which take place bi-monthly. The Board comprises appointed trustees, and two elected Ward Members (proposed by Newcastle City Council). An agreed Role Specification is used to inform the suitability of potential trustees. The elected trustees serve a four-year term with elections taking place every second year for one trustee from each constituency; co-opted trustees are appointed annually.

The trustees, who are also the directors for the purpose of company law, and who served during the year and up to the date of signature of the financial statements were:

G R Curry	
G O'Brien	(Resigned 15 May 2018)
F Laird	
C Waugh	
H Rahman	
L Douglas	
J Byrne	(Appointed 17 July 2018)
M Cole	(Appointed 17 July 2018)

Upon appointment, all trustees are provided with role descriptions, an information pack including the annual report, memorandum and articles of association and Centre West's policy and procedures. Existing trustees and staff participate in the induction. Periodic training is made available to the Board to support trustees in their role.

The Trustees have appointed a small staff team to support them in their work. Responsibilities for the day to day running of the organisation, managing the property portfolio, exploring new enterprise opportunities, community engagement and partnerships development are delegated to the Partnership Director and reported at subsequent board meetings.

Centre West holds a 57.61% share in The Beacon, which is managed by a separate partnership board. The Centre West Board has the right to nominate two trustees to sit on the Beacon partnership board. These trustees are delegated authority to take decisions about the capital build and overarching operation of the Beacon, which are reported to the Centre West Board. Issues that have a direct bearing on the strategic direction of or risk to Centre West are referred to the Centre West Board.

**CENTRE WEST (NEWCASTLE)  
(A COMPANY LIMITED BY GUARANTEE)  
TRUSTEE'S REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT)  
FOR THE YEAR ENDED 31 MARCH 2019**

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**Auditor**

The auditor, RMT Accountants & Business Advisors Ltd, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

**Disclosure of information to auditor**

Each of the trustees has confirmed that there is no information of which they are aware which is relevant to the audit, but of which the auditor is unaware. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditor is aware of such information.

**Small company exemptions**

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

The Trustee's report was approved by the Board of Trustees.

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**G R Curry**

**Director**

Dated: .....



**CENTRE WEST (NEWCASTLE)**  
**(A COMPANY LIMITED BY GUARANTEE)**  
**STATEMENT OF TRUSTEE'S RESPONSIBILITIES**  
***FOR THE YEAR ENDED 31 MARCH 2019***

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The trustees, who are also the directors of Centre West (Newcastle) for the purpose of company law, are responsible for preparing the Trustee's Report 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 charity and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that year.

In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# **CENTRE WEST (NEWCASTLE) (A COMPANY LIMITED BY GUARANTEE) INDEPENDENT AUDITOR'S REPORT**

## **TO THE MEMBERS OF CENTRE WEST (NEWCASTLE)**

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### **Opinion**

We have audited the financial statements of Centre West (Newcastle) (the 'charity') for the year ended 31 March 2019 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

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 2019 and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustee's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### **Other information**

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**CENTRE WEST (NEWCASTLE)**  
**(A COMPANY LIMITED BY GUARANTEE)**  
**INDEPENDENT AUDITOR'S REPORT (CONTINUED)**  
**TO THE MEMBERS OF CENTRE WEST (NEWCASTLE)**

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**Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the Trustee's Report, which includes the directors' report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report included within the Trustee's report has been prepared in accordance with applicable legal requirements.

**Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report included within the Trustee's report.

We have nothing to report in respect of the following matters in relation to which 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' exemptions in preparing the Trustee's report and from the requirement to prepare a strategic report.

**Responsibilities of trustees**

As explained more fully in the statement of Trustee's responsibilities, the trustees, who are also the directors of the charity for the purpose of company law, are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

**CENTRE WEST (NEWCASTLE)  
(A COMPANY LIMITED BY GUARANTEE)  
INDEPENDENT AUDITOR'S REPORT (CONTINUED)  
TO THE MEMBERS OF CENTRE WEST (NEWCASTLE)**

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**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

**Use of our report**

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.

.....  
**Stephen Slater (Senior Statutory Auditor)**  
**for and on behalf of RMT Accountants & Business Advisors Ltd**  
**Statutory Auditor**  
**Gosforth Park Avenue**  
**Newcastle upon Tyne**  
**NE12 8EG**

Dated: .....

**CENTRE WEST (NEWCASTLE)**  
**(A COMPANY LIMITED BY GUARANTEE)**  
**STATEMENT OF FINANCIAL ACTIVITIES**  
**INCLUDING INCOME AND EXPENDITURE ACCOUNT**  
**FOR THE YEAR ENDED 31 MARCH 2019**

	Notes	Unrestricted funds 2019 £	Restricted funds 2019 £	Total 2019 £	Total 2018 £
<b>Income and endowments from:</b>					
Donations and legacies	3	1,233,828	149,830	1,383,658	233,526
Charitable activities	4	151,947	190,157	342,104	379,920
Other income	5	287,000	-	287,000	-
<b>Total income</b>		<u>1,672,775</u>	<u>339,987</u>	<u>2,012,762</u>	<u>613,446</u>
<b>Expenditure on:</b>					
Charitable activities	6	401,153	197,663	598,816	647,603
<b>Net incoming/(outgoing) resources before transfers</b>		<u>1,271,622</u>	<u>142,324</u>	<u>1,413,946</u>	<u>(34,157)</u>
Gross transfers between funds		4,200	(4,200)	-	-
<b>Net income/(expenditure) for the year/ Net movement in funds</b>		<u>1,275,822</u>	<u>138,124</u>	<u>1,413,946</u>	<u>(34,157)</u>
Fund balances at 1 April 2018		<u>202,314</u>	<u>376,394</u>	<u>578,708</u>	<u>612,865</u>
<b>Fund balances at 31 March 2019</b>		<u><u>1,478,136</u></u>	<u><u>514,518</u></u>	<u><u>1,992,654</u></u>	<u><u>578,708</u></u>

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

**CENTRE WEST (NEWCASTLE)**  
**(A COMPANY LIMITED BY GUARANTEE)**  
**BALANCE SHEET**

**AS AT 31 MARCH 2019**

	Notes	2019		2018	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	10		3,198,572		4,445,572
<b>Current assets</b>					
Debtors	12	325,033		260,698	
Cash at bank and in hand		1,321,165		127,996	
		<u>1,646,198</u>		<u>388,694</u>	
<b>Creditors: amounts falling due within one year</b>	13	<u>(261,898)</u>		<u>(281,682)</u>	
Net current assets			1,384,300		107,012
<b>Total assets less current liabilities</b>			<u>4,582,872</u>		<u>4,552,584</u>
<b>Deferred income</b>	14		(2,590,218)		(3,973,876)
<b>Net assets</b>			<u>1,992,654</u>		<u>578,708</u>
<b>Income funds</b>					
Restricted funds	16		514,518		376,394
Unrestricted funds			1,478,136		202,314
			<u>1,992,654</u>		<u>578,708</u>

The financial statements were approved by the Trustees and authorised for issue on .....

.....  
**G R Curry**  
 Trustee

**Company Registration No. 04357221**

**CENTRE WEST (NEWCASTLE)**  
**(A COMPANY LIMITED BY GUARANTEE)**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 MARCH 2019**

	Notes	2019 £	£	2018 £	£
<b>Cash flows from operating activities</b>					
Cash absorbed by operations	20		(171,831)		(67,881)
<b>Investing activities</b>					
Purchase of tangible fixed assets		-		(56,307)	
Proceeds on disposal of tangible fixed assets		1,365,000		-	
<b>Net cash generated from/(used in) investing activities</b>			1,365,000		(56,307)
<b>Net cash used in financing activities</b>			-		-
<b>Net increase/(decrease) in cash and cash equivalents</b>			1,193,169		(124,188)
Cash and cash equivalents at beginning of year			127,996		252,184
<b>Cash and cash equivalents at end of year</b>			<u>1,321,165</u>		<u>127,996</u>

# **CENTRE WEST (NEWCASTLE)**

## **(A COMPANY LIMITED BY GUARANTEE)**

### **NOTES TO THE FINANCIAL STATEMENTS**

#### **FOR THE YEAR ENDED 31 MARCH 2019**

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#### **1 Accounting policies**

##### **Charity information**

Centre West (Newcastle) is a private company limited by guarantee incorporated in England and Wales. The registered office is 28 Hawthorn Terrace, Elswick, Newcastle upon Tyne, NE4 6RJ.

##### **1.1 Accounting convention**

The accounts have been prepared in accordance with the charity's memorandum and articles of association, the Companies Act 2006 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" (as amended for accounting periods commencing from 1 January 2016). The charity is a Public Benefit Entity as defined by FRS 102.

The financial statements are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest £.

The accounts have been prepared under the historical cost convention, modified to include the revaluation of freehold properties. The principal accounting policies adopted are set out below.

##### **1.2 Going concern**

At the time of approving the financial statements, the trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. Thus the trustees continue to adopt the going concern basis of accounting in preparing the financial statements.

##### **1.3 Charitable funds**

Unrestricted funds are available for use at the discretion of the trustees in furtherance of their charitable objectives unless the funds have been designated for other purposes.

Restricted funds are subject to specific conditions by donors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the financial statements.

Endowment funds are subject to specific conditions by donors that the capital must be maintained by the charity.

##### **1.4 Incoming resources**

Income is recognised when the charity is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

Cash donations are recognised on receipt. Other donations are recognised once the charity has been notified of the donation, unless performance conditions require deferral of the amount. Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Legacies are recognised on receipt or otherwise if the charity has been notified of an impending distribution, the amount is known, and receipt is expected. If the amount is not known, the legacy is treated as a contingent asset.



**CENTRE WEST (NEWCASTLE)**  
**(A COMPANY LIMITED BY GUARANTEE)**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2019**

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**1 Accounting policies**

**(Continued)**

Capital grants and contributions receivable are credited to deferred income and released to the income and expenditure account over the estimated lives of the relevant assets.

Revenue grants and contributions received and receivable in respect of specific project expenditure are credited to deferred income and recognised in the income and expenditure account in the same period as the related expenditure.

The funding is received in accordance with the provisions and conditions as specified in the offer letters which regulate the way in which such funds may be spent.

Turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales related taxes.

**1.5 Resources expended**

This relates to the costs of carrying out the activities of the charity. Where there are costs common to both direct charitable and management expenditure judgement is applied on a time allocation basis.

Charitable activities include expenditure associated with the provision of projects undertaken to benefit the area and property activities for the regeneration of the local area, including both direct cost and support costs relating to these activities.

Governance costs include those costs incurred in the governance of the charity and its assets and are primarily associated with constitutional and statutory requirements.

**1.6 Tangible fixed assets**

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold property	25 years straight line
Fixtures and fittings	33 1/3% straight line
Computers	33 1/3% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in net income/(expenditure) for the year.

**1.7 Impairment of fixed assets**

At each reporting end date, the charity reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

**1.8 Cash and cash equivalents**

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

**CENTRE WEST (NEWCASTLE)**  
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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2019**

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**1 Accounting policies**

**(Continued)**

**1.9 Financial instruments**

The charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the charity's balance sheet when the charity becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

***Basic financial assets***

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

***Basic financial liabilities***

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

***Derecognition of financial liabilities***

Financial liabilities are derecognised when the charity's contractual obligations expire or are discharged or cancelled.

**1.10 Employee benefits**

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the charity is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

**1.11 Retirement benefits**

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

**1.12 Legal status of the charity**

The company is limited by guarantee and has no share capital. In the event of a winding up, every member undertakes to contribute to the payment of liabilities such amount as may be required not exceeding the total of £1.

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2019**

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**1 Accounting policies**

**(Continued)**

**1.13 Joint arrangement**

Joint arrangements are accounted for in accordance with Financial Reporting Statement 9 - Accounting for associates, joint ventures and joint arrangements. These financial statements recognise only Centre West (Newcastle)'s share of the income, expenditure, assets and liabilities of joint arrangement projects.

**2 Critical accounting estimates and judgements**

In the application of the charity's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

**Critical judgements**

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

**Assessing indicators of impairment**

In assessing whether there have been any indicators of impairment of assets, the trustees have considered both external and internal sources of information such as market conditions and experience of recoverability. The properties are periodically valued by Chartered Surveyors to ensure freehold properties are accurately disclosed in the financial statements.

**Key sources of estimation uncertainty**

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

**Determining residual values and useful economic lives of tangible fixed assets**

The company depreciates tangible fixed assets over their estimated useful lives. The estimation of the useful lives of assets is based on historic performance as well as expectations about future use and therefore requires estimates and assumptions to be applied by management. The actual lives of these assets can vary depending on a variety of factors, including technological innovation, product life cycles and maintenance programmes.

Judgement is applied by trustees when determining the residual values for tangible fixed assets. When determining the residual value trustees aim to assess the amount that the company would currently obtain for the disposal of the asset, if it were already of the condition expected at the end of its useful economic life. Where possible this is done with reference to external market prices. The carrying amount of tangible fixed assets at the reporting end date was £3,198,572 (2018 - £4,445,572).

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**FOR THE YEAR ENDED 31 MARCH 2019**

**3 Donations and legacies**

	<b>Unrestricted funds 2019 £</b>	<b>Restricted funds 2019 £</b>	<b>Total 2019 £</b>	<b>Total 2018 £</b>
Grants receivable	1,233,828	149,830	1,383,658	233,526
<b>For the year ended 31 March 2018</b>	<u>62,642</u>	<u>170,884</u>		<u>233,526</u>
<b>Grants receivable for core activities</b>				
Newcastle CC revenue grant	-	-	-	21,054
Release of deferred capital grants	1,233,828	149,830	1,383,658	186,552
Other	-	-	-	25,920
	<u>1,233,828</u>	<u>149,830</u>	<u>1,383,658</u>	<u>233,526</u>

**4 Charitable activities**

	<b>Education projects 2019 £</b>	<b>Property activities 2019 £</b>	<b>Total 2019 £</b>	<b>Total 2018 £</b>
Services from charitable activities	190,157	-	190,157	202,873
Rent from properties	-	148,592	148,592	174,779
Other income	-	3,355	3,355	2,268
	<u>190,157</u>	<u>151,947</u>	<u>342,104</u>	<u>379,920</u>
<b>Analysis by fund</b>				
Unrestricted funds	-	151,947	151,947	177,047
Restricted funds	190,157	-	190,157	202,873
	<u>190,157</u>	<u>151,947</u>	<u>342,104</u>	<u>379,920</u>
<b>For the year ended 31 March 2018</b>				
Unrestricted funds	914	176,133		177,047
Restricted funds	202,873	-		202,873
	<u>203,787</u>	<u>176,133</u>		<u>379,920</u>

**CENTRE WEST (NEWCASTLE)**  
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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2019**

**5 Other income**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Net gain on disposal of tangible fixed assets	287,000	-

**6 Charitable activities**

	<b>Project undertaken to benefit area 2019 £</b>	<b>Property activities for regeneration of area 2019 £</b>	<b>Total 2019 £</b>	<b>Total 2018 £</b>
Staff costs	163,327	-	163,327	154,353
Depreciation and impairment	154,460	-	154,460	154,459
Advertising and communication	442	3,551	3,993	3,706
Equipment	11,081	-	11,081	10,105
Trustee and staff expenses	10,654	-	10,654	9,671
Property costs	2,188	25,758	27,946	30,168
Legal and professional fees	529	28,125	28,654	26,411
Cleaning	-	8,704	8,704	9,598
Sundry expenses	439	7,505	7,944	2,018
Share of The Beacon Partnership loss	25,545	-	25,545	22,143
	<u>368,665</u>	<u>73,643</u>	<u>442,308</u>	<u>422,632</u>
Share of support costs (see note 7)	136,839	-	136,839	206,358
Share of governance costs (see note 7)	19,669	-	19,669	18,613
	<u>525,173</u>	<u>73,643</u>	<u>598,816</u>	<u>647,603</u>
<b>Analysis by fund</b>				
Unrestricted funds	327,510	73,643	401,153	280,514
Restricted funds	197,663	-	197,663	367,089
	<u>525,173</u>	<u>73,643</u>	<u>598,816</u>	<u>647,603</u>
<b>For the year ended 31 March 2018</b>				
Unrestricted funds	226,058	54,456		280,514
Restricted funds	367,089	-		367,089
	<u>593,147</u>	<u>54,456</u>		<u>647,603</u>

**CENTRE WEST (NEWCASTLE)**  
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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2019**

**7 Support and governance costs**

	Support costs £	Governance costs £	2019 £	2018 £
Staff costs	100,637	-	100,637	116,296
Depreciation	14,540	-	14,540	63,534
Trustee and staff expenses	995	-	995	454
Advertising and communication	1,331	-	1,331	392
Equipment	56	-	56	56
Property costs	5,617	-	5,617	5,854
Office supplies	8,584	-	8,584	10,540
Legal and professional fees	3,576	-	3,576	7,575
Bank charges and interest	203	-	203	231
Sundry expenses	1,300	-	1,300	1,426
Audit fees	-	3,000	3,000	3,000
Accountancy	-	14,341	14,341	14,413
Legal and professional	-	2,328	2,328	1,200
	<u>136,839</u>	<u>19,669</u>	<u>156,508</u>	<u>224,971</u>
Analysed between				
Charitable activities	<u>136,839</u>	<u>19,669</u>	<u>156,508</u>	<u>224,971</u>

**8 Trustees**

None of the trustees (or any persons connected with them) received any remuneration or benefits from the charity during the year.

**9 Employees**

**Number of employees**

The average monthly number of employees during the year was:

	2019 Number	2018 Number
	18	16
	<u>18</u>	<u>16</u>

**Employment costs**

	2019 £	2018 £
Wages and salaries	235,193	242,307
Social security costs	18,397	18,707
Other pension costs	10,374	9,635
	<u>263,964</u>	<u>270,649</u>

**CENTRE WEST (NEWCASTLE)**  
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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2019**

**10 Tangible fixed assets**

	Freehold property £	Fixtures and fittings £	Computers £	Total £
<b>Cost or valuation</b>				
At 1 April 2018	5,386,479	29,507	77,271	5,493,257
Disposals	(1,225,000)	-	-	(1,225,000)
At 31 March 2019	<u>4,161,479</u>	<u>29,507</u>	<u>77,271</u>	<u>4,268,257</u>
<b>Depreciation and impairment</b>				
At 1 April 2018	945,440	29,043	73,202	1,047,685
Depreciation charged in the year	166,460	464	2,076	169,000
Eliminated in respect of disposals	(147,000)	-	-	(147,000)
At 31 March 2019	<u>964,900</u>	<u>29,507</u>	<u>75,278</u>	<u>1,069,685</u>
<b>Carrying amount</b>				
At 31 March 2019	<u>3,196,579</u>	<u>-</u>	<u>1,993</u>	<u>3,198,572</u>
At 31 March 2018	<u>4,441,039</u>	<u>464</u>	<u>4,069</u>	<u>4,445,572</u>

Freehold properties were revalued in August 2014 by Naylor's Chartered Surveyors, independent valuers not connected with the charity on the basis of market value. The valuation conforms to International Valuation Standards and was based on recent market transactions on arm's length terms for similar properties. This resulted in a reduction of cost by £1,741,546. In the trustees view there has been no significant change in the valuation of the freehold properties since August 2014.

At 31 March 2019, had the revalued assets been carried at historic cost less accumulated depreciation and accumulated impairment losses, their carrying amount would have been approximately £306,365 (2018 - £1,839,944).

**11 Financial instruments**

	2019 £	2018 £
<b>Carrying amount of financial assets</b>		
Debt instruments measured at amortised cost	<u>319,762</u>	<u>254,815</u>
<b>Carrying amount of financial liabilities</b>		
Measured at amortised cost	<u>256,013</u>	<u>232,719</u>

**CENTRE WEST (NEWCASTLE)**  
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**12 Debtors**

	<b>2019</b>	<b>2018</b>
	£	£
<b>Amounts falling due within one year:</b>		
Trade debtors	9,190	20,640
Amounts owed by joint ventures	310,572	233,600
Other debtors	-	575
Prepayments and accrued income	5,271	5,883
	<u>325,033</u>	<u>260,698</u>

**13 Creditors: amounts falling due within one year**

	<b>2019</b>	<b>2018</b>
	£	£
	<b>Notes</b>	
Other taxation and social security	5,885	12,760
Deferred income	14 -	36,203
Trade creditors	6,161	11,846
Amounts owed to joint ventures	227,244	201,699
Other creditors	13,829	8,593
Accruals and deferred income	8,779	10,581
	<u>261,898</u>	<u>281,682</u>

**14 Deferred income**

	<b>2019</b>	<b>2018</b>
	£	£
Arising from government grants	2,590,218	3,973,876
Other deferred income	-	36,203
	<u>2,590,218</u>	<u>4,010,079</u>

Deferred income is included in the financial statements as follows:

	<b>2019</b>	<b>2018</b>
	£	£
Current liabilities	-	36,203
Shown as deferred income on the face of the balance sheet	2,590,218	3,973,876
	<u>2,590,218</u>	<u>4,010,079</u>

Included in deferred government grants is £2,519,919 (2018 - £2,669,749) in relation to The Beacon development.



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**15 Collaboration**

On 28 February 2011 the charity entered into a collaboration agreement with the environmental charity Groundwork South Tyneside and Newcastle. The purpose of the arrangement has been to fund and supervise the construction of The Beacon Building as described in the trustees report. The two parties agreed the way in which the project was to be financed and these financial statements recognise Centre West (Newcastle)'s share of the relevant assets and liabilities. The capital contribution from Groundwork South Tyneside and Newcastle was £1,575,000.

**16 Movement in funds**

	<b>Movement in funds</b>				
	<b>Balance at 1 April 2018</b>	<b>Incoming resources</b>	<b>Resources expended</b>	<b>Transfers</b>	<b>Balance at 31 March 2019</b>
	£	£	£	£	£
<b>Unrestricted funds</b>					
General funds	202,314	1,672,775	(401,153)	4,200	1,478,136
	<u>202,314</u>	<u>1,672,775</u>	<u>(401,153)</u>	<u>4,200</u>	<u>1,478,136</u>
<b>Restricted funds</b>					
Beacon Building	308,557	149,830	-	-	458,387
Hat-Trick Project	49,485	190,157	(197,663)	(4,200)	37,779
Science City	18,352	-	-	-	18,352
	<u>376,394</u>	<u>339,987</u>	<u>(197,663)</u>	<u>(4,200)</u>	<u>514,518</u>
<b>Total funds</b>	<u>578,708</u>	<u>2,012,762</u>	<u>(598,816)</u>	<u>-</u>	<u>1,992,654</u>

**Beacon Building**

Grant funding was received for the construction of a new social enterprise building to support the local business community in partnership with Groundworks South Tyneside and Newcastle. This fund represents the charity's share of the building as included in tangible fixed assets.

**Hat-Trick Project**

The Hat-Trick project was founded in 2005, using football as an ideal method to help young people gain skills and confidence - while having a great time along the way. This project is funded by grants restricted for this purpose.

**Science City**

The Newcastle Science City Community Engagement Project was launched to bring people of all backgrounds together to get involved with science and find out how it can make a real and lasting difference to their communities. The fund balance relates to an underspend on the project, for which authorisation is being sought to transfer to unrestricted funds.

**Transfers between funds**

This represents a rental charge deducted from the Hat-trick project for the rental of office space and a core charity contribution to the Hat-trick project for a trip to Estonia.

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**17 Analysis of net assets between funds**

	Unrestricted £	Restricted £	Total £
Fund balances at 31 March 2019 are represented by:			
Tangible assets	253,990	2,944,582	3,198,572
Current assets/(liabilities)	1,294,445	89,855	1,384,300
Provisions and deferred income	(70,299)	(2,519,919)	(2,590,218)
	<u>1,478,136</u>	<u>514,518</u>	<u>1,992,654</u>

**18 Financial commitments, guarantees and contingent liabilities**

The board has approved to underwrite the projected shortfall in the funding required for the redevelopment of Elswick Pool located in the West End of Newcastle. The Friends of Elswick Pool have committed to carry out further fundraising however, in the event that a shortfall arises between revenue and costs, Centre West (Newcastle) have committed to underwriting the gap up to a maximum of £136,073.

**19 Related party transactions**

No member of the Board of Trustees received any remuneration during the current or prior year.

Two trustees that served during the year, H Rahman and J Byrne, are councillors of Newcastle City Council which acted as the accountable body to the NDC funding, but does not deliver any of the company's projects. Funding is received from Newcastle City Council. At 31 March 2019 an amount of £11,976 (2018: £Nil) is owed from Newcastle City Council and is included in debtors. There is £2,293 owed to Newcastle City Council at the 31 March 2019 (2018: £360).

**20 Cash generated from operations**

	2019 £	2018 £
Surplus/(deficit) for the year	1,413,946	(34,157)
Adjustments for:		
Gain on disposal of tangible fixed assets	(287,000)	-
Depreciation and impairment of tangible fixed assets	169,000	217,993
Movements in working capital:		
(Increase) in debtors	(64,335)	(80,587)
Increase in creditors	16,419	47,925
(Decrease) in deferred income	(1,419,861)	(219,055)
<b>Cash absorbed by operations</b>	<u>(171,831)</u>	<u>(67,881)</u>