

LOCAL SOLUTIONS
(Formerly Merseyside Council For
Voluntary Service)

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 MARCH 2001



Company no 1792921

LOCAL SOLUTIONS
(Formerly Merseyside Council For Voluntary Service)

FINANCIAL STATEMENTS

For the year ended 31 March 2001

Company registration number: 1792921

Charity Registration number: 515060

Registered office: Mount Vernon Green
Hall Lane
Liverpool
L7 8TF

Directors and trustees: M A Ali
H J Dowell
J R Duggan
T Graham
B Hogan-Howe
A T R Macfarlane
D A Mathieson
S McGrath
G Russell
A Samuels
N Scales
B H Wood
R White

Secretary: M Pearson

Bankers: National Westminster Bank plc
22 Castle Street
Liverpool
L69 2BE

LOCAL SOLUTIONS

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Solicitors:

Brabners
1 Dale Street
Liverpool
L2 2ET

Mace & Jones
Drury House
19 Water Street
Liverpool
L2 ORP

Auditors:

Grant Thornton
1st Floor
Royal Liver Building
Liverpool
L3 1PS

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For the year ended 31 March 2001

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LOCAL SOLUTIONS
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REPORT OF THE DIRECTORS

The directors who are also trustees of the charitable company, present their report together with financial statements for the year ended 31 March 2001.

Principal activities

The company operates to promote charitable purposes for the benefit of the community in Merseyside and its surrounding area.

Review of operations and future developments

Local Solutions seeks to improve the quality of life for people in need by targeting areas of social and economic disadvantage. The charity provides a range of services to achieve those objectives.

Fundamental to the charity's objectives is a belief that whilst working in a region characterised by many unmet needs, people have skills and want to make their contribution.

The charity achieves its primary objective, to improve the quality of peoples' lives, by tackling social and economic isolation, unlocking talents and turning liabilities into assets, with a dedicated team of staff and volunteers operating an equal opportunity policy for all.

The charity, in furtherance of its objective, continues to work closely with partners in the public, private and voluntary sectors with a strong emphasis on value and quality in the delivery of its services.

As a vibrant and developing organisation, the charity is flexible, quick to respond and innovative in furthering its charitable objectives.

The environment in which the company operates continues to be challenging, although a number of opportunities have arisen from recent Government and other initiatives. The company has continued to take advantage of certain initiatives which has contributed to the sustaining of its charitable income in the year. Against this background the directors seek continually to fulfil the company's objectives with the resources that are available, and meet the increasing needs of the community.

The result for the year was a surplus of £189,579 (2000: £398,253), of which £180,000 (2000: £140,000) was transferred to the contingency fund. The result for the previous year (2000) includes a donated asset of a building for £166,000.

The Memorandum and Articles of Association prohibit the payment of a dividend.

The directors have prepared an Annual Review which provides details on all the operating activities of the charitable company, including achievements of the charity in furthering its charitable objectives, in accordance with the charity's governing document (Memorandum and Articles of Association). Copies of the Annual Review are available on request.

LOCAL SOLUTIONS
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REPORT OF THE DIRECTORS

Directors

The directors who served on the Board throughout the year, unless otherwise stated, are detailed below:

Lord Alton of Liverpool, Chairman - Resigned 8 December 2000
D A Mathieson - Appointed Chairman 8 December 2000
H J Dowell - Vice Chairman
B H Wood - Vice Chairman
A T R Macfarlane - Treasurer
M A Ali
J R Duggan
T Graham
B Hogan-Howe
S McGrath
G Russell
A Samuels
N Scales
R White

Subsequent to the year end, B Hogan-Howe resigned as a director on 11 July 2001.

Reserves policy

It is the policy of the charity to hold reserves in its unrestricted funds, in order to establish an appropriate level of working capital and to protect the future operations of the charity from the effects of any unforeseen variations in its income streams as part of a policy of good financial management practice. The trustees have established a contingency fund out of these reserves after undertaking an assessment of the charity's needs, and based upon the likely costs associated with a material reduction in the income stream of the charity. The aim is to build up a contingency fund of around £700,000 at current operating levels and to that end £180,000 (2000: £140,000) has been transferred from the surplus for the year creating a balance at 31 March 2001 of £500,000 (2000: £320,000).

Directors' responsibilities for the financial statements

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

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

The directors are responsible for keeping proper accounting records, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Status

The company is a registered charity (number 515060).

The company is limited by guarantee and permission has been obtained from the Registrar of Companies to dispense with the use of the word 'Limited'.

LOCAL SOLUTIONS

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REPORT OF THE DIRECTORS

Disabled employees and employee involvement

Local Solutions operates a policy of equal opportunities regardless of sex, sexual orientation, race, colour, nationality, religion, ethnic or national origins, disability or marital status, in respect of the people to whom it provides a service, its salaried staff and voluntary workers, job applicants for both salaried and voluntary posts, members of its Executive Committee and subsidiary committees.

Local Solutions is much aware of the needs of disabled people and reviews ways in which practical assistance can be given by alteration to work sites. Care is taken to ascertain from new disabled employees, or from employees who may develop disabilities, what assistance they may require to enable them to fulfil their duties. Because of Local Solutions' commitment to disabled people, all Local Solutions' advertisements for staff are eligible to carry the words "Local Solutions is working towards being an equal opportunities employer".

Local Solutions Investor in People (IiP) status was achieved in June 1997 and successfully re-assessed in December 2000. The IiP standard is one an organisation has to keep striving for, and Local Solutions is confident that its staff will continue to rise to the challenge.

Employees are encouraged to participate actively in the running of Local Solutions via project, divisional and other special interest meetings. A communications group helps to ensure that information is made available to employees, and a regular newsletter is produced.

Auditors

Grant Thornton offer themselves for reappointment as auditors in accordance with Section 385 of the Companies Act 1985.

ON BEHALF OF THE COMMITTEE



D A Mathieson
Chairman

19.09.2001

REPORT OF THE AUDITORS TO THE MEMBERS OF

LOCAL SOLUTIONS

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We have audited the financial statements on pages 5 to 18 which have been prepared under the accounting policy set out on pages 5 to 7.

Respective responsibilities of the directors and auditors

The directors' responsibilities for preparing the director's report and the financial statements in accordance with applicable law and United Kingdom accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with 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 directors' report is not consistent with the financial statements, if the company 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 directors' remuneration and transactions with the company is not disclosed.

We read other information contained in the director's report, and consider whether it is consistent with the audited financial statements. This other information comprises only the directors' report and the operating and financial review. 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 directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

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

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 March 2001 and of its surplus for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**GRANT THORNTON
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS**

LIVERPOOL

19 SEP 2001

LOCAL SOLUTIONS
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PRINCIPAL ACCOUNTING POLICIES

BASIS OF PREPARATION

The company is exempt from preparing consolidated financial statements on the grounds that taken together with its subsidiary, it qualifies as a medium sized group under Section 248 of the Companies Act 1985. These financial statements therefore present information about the company as an individual undertaking and not about its group.

The financial statements have been prepared in accordance with applicable Accounting Standards and follow the recommendations in the Statement of Recommended Practice.

The principal accounting policies of the company have remained unchanged from the previous year. Accounting by Charities (the SORP) issued in October 1995. They have been prepared under the historical cost convention, apart from the revaluation of freehold property.

INCOME

All incoming resources apart from those resources designated to the asset reserve are credited to income in the period in which the related expenditure is incurred.

DONATIONS AND GIFTS

All monetary donations and gifts are included in full in the statement of financial activities when receivable, provided that there are no donor-imposed restrictions as to the timing of the related expenditure, in which case recognition is deferred until the pre-condition has been met.

Legacies to which the charity is entitled are included in the statement of financial activities unless they are incapable of measurement.

Gifts-in-kind are accounted for at the trustees' estimate of value to the charity or sale value, as follows:

- assets received for distribution by the charity are recognised only when distributed
- assets received for resale are recognised, where practicable, when receivable or otherwise when sold
- gifts of fixed assets for charity use or funds for acquiring fixed assets for charity use are accounted for immediately on receipt.

Intangible income is valued and included in income to the extent that it is capable of measurement and represents goods or services which would otherwise be purchased. An equivalent amount is charged as expenditure. Voluntary help is not included as income.

Cash collected to which the charity is legally entitled but which has not been received at the year end is included as income.

Donations under deed of covenant together with the associated income tax recoveries are credited as income when the donations are received.

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PRINCIPAL ACCOUNTING POLICIES

EXPENDITURE

Expenditure, which is charged on an accruals basis, is allocated between:

- expenditure incurred directly to the fulfilment of the charity's objective (direct charitable)
- expenditure incurred directly in the effort to raise voluntary contributions (costs of generating funds)
- expenditure incurred in the management and administration of the charity.

FUND ACCOUNTING

Restricted funds are to be used for a specified purpose laid down by the donor. Expenditure for those purposes is charged to the fund, together with a fair allocation of overheads and support costs.

Unrestricted funds are donations and other incoming resources received or generated for expenditure on the general objectives of the charity.

Designated funds are unrestricted funds which have been designated for specific purposes by the Trustees.

FIXED ASSETS

All items of capital expenditure incurred prior to 1 April 1990, whether purchased or donated, were charged against income in the period in which they were acquired. Subsequent to 1 April 1990 the company has capitalised all individual items of fixed assets in excess of £1,000 acquired after that date.

DEPRECIATION

Depreciation is provided to write down the cost or valuation of fixed assets, excluding freehold land, over the life of those assets at the following rates:

Freehold buildings	2% on valuation
Leasehold improvements	Remaining life of leases
Motor vehicles	25% on cost
Fixtures, fittings and equipment	25% on cost

The company maintains its leasehold properties in accordance with the terms of the relevant leases.

ASSET RESERVE

Where donors specify that their donation is for a restricted purpose, income received from donors for the purchase of fixed assets is transferred from the income and expenditure account to the asset reserve. The income is released to the income and expenditure account on the same basis as the depreciation charge, and is included in grants and donations. The asset reserve is a restricted fund.

STOCK

Stock is stated at the lower of cost and net realisable value.

VALUE ADDED TAX

The company is partially exempt from VAT and all irrecoverable VAT is shown in direct charitable expenditure.

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PRINCIPAL ACCOUNTING POLICIES

CONTRIBUTIONS TO PENSION SCHEME

The company operates a defined contribution pension scheme. The contributions by the company to the scheme are fixed percentages of salary for all members which has the effect of defining the level of pension contribution without reference to actuarial assumptions.

LEASED ASSETS

Where assets are financed by leasing agreements which give risks and rewards approximating to ownership ("finance leases") they are treated as if they had been purchased outright on credit. They are therefore initially recorded as a fixed asset and a liability at a sum equal to the fair value of the asset. Leasing payments on such assets are regarded as consisting of a capital element which reduces the outstanding liability and an interest charge.

All other leases are regarded as operating leases and the total payments made under them are charged to the profit and loss account on a straight-line basis over the lease term.

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STATEMENT OF FINANCIAL ACTIVITIES

For the year ended 31 March 2001

	Note	Unrestricted funds £	Restricted funds £	2001 Total funds £	2000 Total funds £
Income and expenditure					
Incoming resources					
Donations		94,725	461,320	556,045	600,989
Less: Deferred income		(19,584)	(151,246)	(170,830)	(159,824)
Project income		7,322,106	1,134,802	8,456,908	8,243,813
Less: Deferred income		(178,656)	-	(178,656)	(148,304)
Lottery funding		-	43,399	43,399	47,851
Investment income	1	7,615	-	7,615	8,242
Total incoming resources		7,226,206	1,488,275	8,714,481	8,592,767
Resources expended					
Direct charitable expenditure		6,822,099	1,439,054	8,261,153	7,942,814
Cost of generating funds		35,835	-	35,835	36,954
Management and administration		187,307	40,607	227,914	214,746
Total resources expended	2	7,045,241	1,479,661	8,524,902	8,194,514
Net income resources being movement in funds	11	180,965	8,614	189,579	398,253
Funds at 1 April 2000		729,051	40,625	769,676	371,423
Funds at 31 March 2001		910,016	49,239	959,255	769,676

The accompanying accounting policies and notes form an integral part of these financial statements.

LOCAL SOLUTIONS
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INCOME AND EXPENDITURE ACCOUNT

For the year ended 31 March 2001

	Note	2001 £	2000 £
Income		8,714,481	8,592,767
Operating expenses	2	<u>(8,524,902)</u>	<u>(8,194,514)</u>
Net surplus from operating charitable activities	5	189,579	398,253
Transfer to contingency fund		(180,000)	(140,000)
Net surplus for the year	11	<u>9,579</u>	<u>258,253</u>

There were no recognised gains or losses other than the surplus for the financial year.

All of the charitable company's principal activities continued in operation throughout the year.

The Income and Expenditure account is derived from the Statement of Financial Activities on page 8 which, together with the notes to the accounts on pages 12 to 18, provides full information on the movements during the year on all funds and analyses the expenditure incurred in the year.

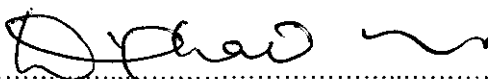
The accompanying accounting policies and notes form an integral part of these financial statements.

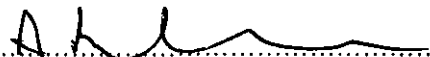
LOCAL SOLUTIONS
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BALANCE SHEET AT 31 MARCH 2001

	Note	£	2001 £	£	2000 £
Fixed assets					
Tangible assets	6		410,402		339,750
Investment	7		1,000		499
			<u>411,402</u>		<u>340,249</u>
Current assets					
Stocks	8	19,527		30,549	
Debtors	9	1,428,154		1,187,161	
Cash at bank and in hand		<u>300,995</u>		<u>211,681</u>	
		1,748,676		1,429,391	
Creditors: amounts falling due within one year	10	<u>1,200,823</u>		<u>999,964</u>	
Net current assets			547,853		429,427
Net assets			<u>959,255</u>		<u>769,676</u>
Funds					
Unrestricted	11		910,016		729,051
Restricted	11		49,239		40,625
			<u>959,255</u>		<u>769,676</u>

The financial statements were approved by the Board of Directors on 19 September 2001, and signed on its behalf by:

D A Mathieson: Chairman  Director

A T R Macfarlane: Treasurer  Director

The accompanying accounting policies and notes form an integral part of these financial statements.

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CASH FLOW STATEMENT

For the year ended 31 March 2001

	Note	£	2001 £	£	2000 £
Net inflow from operating activities	13		193,172		345,176
Returns on investments and servicing of finance					
Interest received		7,615		8,242	
Interest paid		<u>(834)</u>		<u>(771)</u>	
Net cash inflow from returns on investments and servicing of finance			6,781		7,471
Acquisitions and disposals					
Purchase of ordinary shares in subsidiary			(501)		-
Capital expenditure					
Purchase of tangible fixed assets		(113,761)		(87,674)	
Sale of tangible fixed assets		<u>3,623</u>		<u>300</u>	
Net cash outflow from capital expenditure			(110,138)		(87,374)
Increase in cash	14		<u>89,314</u>		<u>265,273</u>

The accompanying accounting policies and notes form an integral part of these financial statements.

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2001

1 INVESTMENT INCOME

Investment income comprises income from:

	2001 £	2000 £
Bank deposit	<u>7,615</u>	<u>8,242</u>

Income from investment assets is derived from within the United Kingdom.

2 TOTAL RESOURCES EXPENDED

	Staff costs £	Depreciation £	Other costs £	2001 Total £	2000 Total £
Direct charitable expenditure	4,713,664	82,272	3,465,217	8,261,153	7,942,814
Cost of generating funds	20,766	-	15,069	35,835	36,954
Management and administration of the charity	<u>142,675</u>	<u>-</u>	<u>85,239</u>	<u>227,914</u>	<u>214,746</u>
	<u>4,877,105</u>	<u>82,272</u>	<u>3,565,525</u>	<u>8,524,902</u>	<u>8,194,514</u>

3 DIRECTORS AND EMPLOYEES

Staff costs during the year were as follows:

	2001 £	2000 £
Wages and salaries	4,478,846	4,149,608
Social security costs	332,996	280,272
Other pension costs	<u>65,263</u>	<u>49,495</u>
	<u>4,877,105</u>	<u>4,479,375</u>

The number of employees earning over £40,000 pa excluding pension contributions was:

	2001 Number	2000 Number
£40,001 to £50,000	2	2
£50,001 to £60,000	<u>1</u>	<u>1</u>

None of the directors received any remuneration in the year (2000: £Nil).

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For the year ended 31 March 2001

EMPLOYEES (CONTINUED)

The average number of employees analysed by function was:

	2001	2000
	Number	Number
Project staff	346	353
Fund-raising and publicity	1	1
Management and administration of the charity	6	6
	<u>353</u>	<u>360</u>

The company operates a defined contribution pension scheme, with contributions calculated as a fixed percentage of members' salaries, in a fund independent of the company.

4 PAYMENTS TO TRUSTEES AND CONNECTED PERSONS

No Trustee or person with a family or other connection with a Trustee received remuneration in the period, directly or indirectly, from either the charity or an institution or company controlled by the charity. No expenses were reimbursed to the Trustees in the year.

5 NET SURPLUS FOR THE YEAR

The net surplus for the year is stated after charging:

	2001	2000
	£	£
Hire of plant and equipment	73,146	66,938
Auditors' remuneration:		
Audit services	14,000	14,000
Non-audit services	6,085	7,205
Depreciation	82,272	67,044
Interest payable and similar charges on bank loans, overdrafts and other loans repayable within 5 years otherwise than by instalments	<u>834</u>	<u>771</u>
and after crediting:		
Surplus on disposal of fixed assets	<u>3,616</u>	<u>299</u>

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2001

6 TANGIBLE FIXED ASSETS

	Freehold land and buildings £	Leasehold improvements £	Motor vehicles £	Fixtures, fittings and equipment £	Total £
Cost					
At 1 April 2000	166,596	117,354	271,576	122,525	678,051
Additions	3,404	29,635	19,423	100,470	152,932
Disposals	-	-	(85,489)	-	(85,489)
At 31 March 2001	<u>170,000</u>	<u>146,989</u>	<u>205,510</u>	<u>222,995</u>	<u>745,494</u>
Depreciation					
At 1 April 2000	2,000	64,185	202,877	69,240	338,302
Charge for the year	2,800	11,845	37,894	29,733	82,272
Disposals	-	-	(85,482)	-	(85,482)
At 31 March 2001	<u>4,800</u>	<u>76,030</u>	<u>155,289</u>	<u>98,973</u>	<u>335,092</u>
Net book amount at 31 March 2001	<u>165,200</u>	<u>70,959</u>	<u>50,221</u>	<u>124,022</u>	<u>410,402</u>
Net book amount at 31 March 2000	<u>164,596</u>	<u>53,169</u>	<u>68,699</u>	<u>53,286</u>	<u>339,750</u>

All of the fixed assets of the charity are used for the purposes of the charity's objectives.

The freehold land and buildings are included at 31 March 2000 based on open market value as determined by external valuers, Thomson & Moulton, Chartered Surveyors, Liverpool.

The figures stated above for cost or valuation include valuation as follows:

	Freehold land and buildings	
	£	£
	2001	2000
	£	£
At cost	3,404	-
Valuation - 2000	<u>166,596</u>	<u>166,596</u>
	<u>170,000</u>	<u>166,596</u>

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2001

7 INVESTMENT

The amount represents the cost of 1,000 (2000: 499) £1 shares being the ordinary share capital of MCVS Educational Services Limited, a company incorporated in England and Wales. The company at 31 March 2001 has a holding of 100% of the ordinary issued shares. The company prepares its accounts annually to 31 July. At 31 March 2001 the company had shareholders' funds of £1,000.

	Aggregate of capital and reserve 2001 £	2000 £	Profit and loss for financial year 2001 £	2000 £
MCVS Educational Services Limited	<u>1,000</u>	<u>1,000</u>	<u>-</u>	<u>-</u>

8 STOCK

	2001 £	2000 £
Materials	<u>19,527</u>	<u>30,549</u>

9 DEBTORS

	2001 £	2000 £
Operating debtors and accrued income	1,316,473	1,092,233
Amount due from subsidiary company	39,837	35,718
Prepayments	70,894	56,091
Other debtors	950	3,119
	<u>1,428,154</u>	<u>1,187,161</u>

10 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2001 £	2000 £
Operating creditors and accruals	599,004	514,226
Deferred income and grants in advance	402,322	360,964
Social security and other taxes	199,497	124,774
	<u>1,200,823</u>	<u>999,964</u>

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2001

11 RESERVES

Unrestricted funds

	Main fund £	Contingency fund £	Total £
At 31 March 2000	409,051	320,000	729,051
Net surplus for the year	965	180,000	180,965
At 31 March 2001	<u>410,016</u>	<u>500,000</u>	<u>910,016</u>

Restricted funds

	2001 £	2000 £
At 31 March 2000	40,625	52,622
Additions	39,170	-
Depreciation	<u>(30,556)</u>	<u>(11,997)</u>
	8,614	(11,997)
At 31 March 2001	<u>49,239</u>	<u>40,625</u>

The restricted fund represents the company's donated asset reserve. All assets in the restricted fund are used for charitable purposes within projects as specified by the donor.

12 OPERATING LEASES

At 31 March 2001, the company had annual commitments under non-cancellable operating leases as follows:

	2001 Leasehold properties £
Expiring within one to five years	42,765
Expiring after more than five years	<u>50,750</u>
	<u>93,515</u>

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2001

13 RECONCILIATION OF OPERATING SURPLUS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2001 £	2000 £
Operating surplus	189,579	398,253
Depreciation	82,272	67,044
Surplus on disposal of tangible fixed assets	(3,616)	(299)
Decrease in stocks	11,022	11,437
(Increase)/decrease in debtors	(240,993)	36,410
Increase in creditors	200,859	2,187
Interest received	(7,615)	(8,242)
Interest paid	834	771
Donation of tangible fixed assets (after depreciation)	(39,170)	(162,385)
	<u>193,172</u>	<u>345,176</u>

14 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2001 £	2000 £
Increase in cash in the year	89,314	265,273
Net funds at 1 April 2000	211,681	(53,592)
Net funds at 31 March 2001	<u>300,995</u>	<u>211,681</u>

15 ANALYSIS OF CHANGES IN NET FUNDS

	At 1 April 2000 £	Cash flows £	At 31 March 2001 £
Cash at bank and in hand	<u>211,681</u>	<u>89,314</u>	<u>300,995</u>

16 CAPITAL COMMITMENTS

At 31 March 2001 there were no capital commitments outstanding.

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For the year ended 31 March 2001

17 CONTINGENT LIABILITIES

The amount set aside in the Contingency Fund which forms part of the total Unrestricted Funds, is to meet expected expenditure on possible commitments and contingencies, in accordance with the company's reserves policy.

18 TAXATION

The company is a registered charity under the Income and Corporation Taxes Act 1988 and no liability to taxation arises.

19 LIMITED LIABILITY

The liability of the company is limited by guarantee and each of the members undertakes to contribute up to £1 in the event of any deficiency arising on the winding up of the company.

20 RELATED PARTY TRANSACTIONS

M Pearson, Chief Executive of the company and P Devlin, an Assistant Chief Executive of the company, are Directors of the subsidiary company, MCVS Educational Services Limited.

Local Solutions received from MCVS Educational Services Limited an amount of £54,286 (2000: £139,029) to cover the operating costs of that company for the period.

At 31 March 2001 the subsidiary company owed the company £39,873 (2000: £35,718).