

URBAN CHALLENGE LIMITED

Registered Number: 3438413

**Financial Accounts for the
year ended 31st March 2002**

**Saul Fairholm and Co.
Chartered Accountants
12 Tentercroft Street
Lincoln
LN5 7DB**



URBAN CHALLENGE LIMITED

Financial Accounts for the year ended 31st March 2002

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URBAN CHALLENGE LIMITED**COMPANY INFORMATION**

CHAIRMAN: Mr N I Jackson (Director/Trustee)

**OTHER DIRECTORS/
TRUSTEES/MEMBERS:** Mr I P Annibal
Mr I E Extance
Cllr N M Murray
Rev A C J Vaughan
Cllr B Fippard
Mr A Daniels
Mr F A Cameron

SECRETARY: Ms C Wheeler

REGISTERED OFFICE: St Swithins Secretarial Limited
St Swithins Square
Lincoln
LN2 1HB

PRINCIPAL OFFICE: City Hall
Beaumont Fee
Lincoln
LN1 1DJ

AUDITORS: Saul Fairholm and Co
Chartered Accountants
12 Tentercroft Street
Lincoln
LN5 7DB

SOLICITORS: Andrew and Co
St Swithins Square
Lincoln
LN2 1HB

BANKERS: Co-Operative Bank Plc
PO Box 101
1 Balloon Street
Manchester
M60 4EP

COMPANY NUMBER: 3438413

**REGISTERED
CHARITY NUMBER:** 1072949

URBAN CHALLENGE LIMITED**Chairman's Report**

Urban Challenge has continued to progress in 2001/02 with a number of funding bids coming to fruition to enable us to continue our work for the benefit of the communities of Lincoln. The success of these bids has enabled us to broaden our funding portfolio so that we are less reliant on one source of funding.

Core funding for the organisation is still an issue but we have been able to build into our bids elements of core funding enabling the continuation of important infrastructure functions to support the individual projects.

The year saw the completion of the neighbourhood community audits, which have been used by a wide range of organisations to advise their strategies and activities. They have been held up by Government Office for the East Midlands as examples of good practice.

The staff of Urban Challenge have been active members of the Local Strategic Partnership in developing their policies and strategy. The organisation has specifically taken on the role of co-ordinating the work of the Lincoln Community Network, which has been developed to advise the LSP.

Following a successful funding bid to the New Opportunities Fund, the Central Lincoln Health Matters project started during the year. This multi-agency healthy living project is being co-ordinated by Urban Challenge and demonstrates the strength of working in partnership with the local community to provide quality services.

I would like to express my appreciation to the staff of Urban Challenge who have worked hard during the year. Their expertise and professionalism is valued not only by the Directors but by many other statutory and voluntary sector organisations in the city.

I would also like to thank all of our funders. Without their confidence and support we would not be able to continue our work to help make Lincoln a better place in which to live.

.....
N I Jackson
- Chairman

URBAN CHALLENGE LIMITED

Report of the Trustees for the year ended 31st March 2002

The Trustees present their annual report on the affairs of the Company, together with the Accounts and Auditor's Report for the above year.

1. RESULTS AND DIVIDENDS

The net movement in funds of the Company for the year was £20008, of which £25293 related to unrestricted reserves and a deficit of £5285 related to restricted reserves.

The Company is prohibited from making dividend payments under the terms of its Memorandum and Articles of Association.

2. REVIEW OF BUSINESS

The Company's principal activity during the year was to work with local communities in the City of Lincoln to:

- Develop the capacity and skills of the socially and economically deprived in Lincoln;
- To promote any charitable purpose for the benefit of the relief of poverty and advancement of education.

The Company obtained charitable status on 14th December 1998.

The Company is limited by guarantee. The Company's governing document is its Memorandum and Articles of Association.

3. DIRECTORS AND TRUSTEES

The Directors of the Company, who are also its Trustees for the purpose of Charity Law, at the end of the year were:

N I Jackson Esq	Rev A C J Vaughan	I E Extance Esq	I P Annibal Esq
Cllr B Fippard	Cllr N M Murray	A Daniels Esq	F A Cameron Esq

A Daniels Esq and F A Cameron Esq, retire by rotation and being eligible offer themselves for re-election.

The Trustees are appointed by the Board of Trustees and serve for four years after which period they may put themselves forward for re-appointment. The Trustees meet at least quarterly to administer the Company.

4. TRUSTEES' RESPONSIBILITIES

Company law requires the Trustees to prepare accounts 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 year. In preparing those accounts the Trustees are required to:

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

URBAN CHALLENGE LIMITED

Report of the Trustees for the year ended 31st March 2002 (Cont'd)

4. TRUSTEES' RESPONSIBILITIES (CONT'D)

The Trustees are responsible for keeping proper accounting records which disclose reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

5. INVESTMENT POLICY

There are no restrictions on the Company's power to invest. The investment strategy is set by the Trustees, regularly reviewed and takes account of recent demands for funds. The Trustees consider income requirements and risk profiles in formulating this strategy.

6. RESERVES POLICY

The Trustees regularly review the reserves of the Charity. This review encompasses the nature of the income and expenditure streams and the need to maintain adequate working capital for all our core costs. The Trustees have established a policy whereby the unrestricted funds held by the Charity should be between three and six months of core costs, which currently equates to £29500 to £59000. The current level of reserves slightly exceeds the upper limit, however, budgets for the next financial year forecast an increase in expenditure which will bring the reserve figure within the required margins.

7. RISK MANAGEMENT

The Trustees regularly review the major risks to which the Charity is exposed and systems have been established to mitigate those risks. External risks to funding have led to the development of an action plan to allow for the diversification of funding and activities. Internal risks are minimised by the implementation of procedures for authorisation of all transactions and to ensure consistent quality of delivery for all operational aspects of the charitable company. These procedures are periodically reviewed to ensure that they still meet the needs of the Charity.

8. GRANT MAKING POLICY

Subject to the funding available, the Charity invites applications for grants from projects which contribute to the development of the capacity and skills of those facing social exclusion within the City of Lincoln.

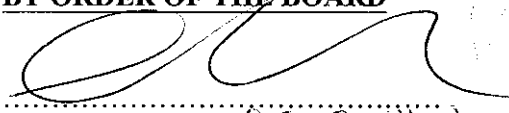
Applications are reviewed against specific criteria and objectives determined by the Trustees and approved by them in line with procedures agreed in February 1999.

9. AUDITORS

A resolution will be proposed at the Annual General Meeting to re-appoint the Auditors, Messrs. Saul Fairholm and Co.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

BY ORDER OF THE BOARD


 C Wheeler on behalf of St Swithins
 Secretary Secretaries Ltd

Approved on 16th September 2002

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
URBAN CHALLENGE LIMITED

We have audited the financial statements of Urban Challenge Limited for the year ended 31st March 2002 which comprise the Statement of Financial Activities, Summary Income and Expenditure Account, the Balance Sheet and the related notes. These financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective March 2000), under the historical cost convention and the accounting policies set out therein.

RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITORS

The Trustees' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Trustees' 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 Trustees' 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 are not required to consider whether the statement in the Trustees Report concerning the major risks to which the Charity is exposed covers all existing risks and controls, or to form an opinion on the effectiveness of the Charity's risk management and control procedures.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Chairman's Report and Trustees' Report. 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.

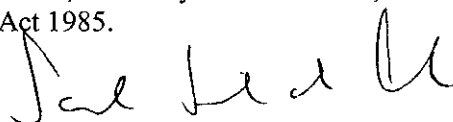
BASIS OF AUDIT OPINION

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 Charitable Company's affairs as at 31st March 2002 and of its incoming resources and applications of resources, including its income and expenditure, for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.



Saul Fairholm & Co
Chartered Accountants and Registered Auditors
12 Tentercroft Street
Lincoln, UK

16th September 2002

URBAN CHALLENGE LIMITED**Statement of Financial Activities for the year ended 31st March 2002**

	<u>Note</u>	<u>Unrestricted Funds</u> £	<u>Restricted Funds</u> £	<u>Total 2002</u> £	<u>Total 2001</u> £
<u>INCOMING RESOURCES</u>					
Activities in Furtherance of the Charity's Objects					
European Social Fund Grant		-	25066	25066	22033
Single Regeneration Budget Grant		-	33287	33287	20500
Grants from Training and Enterprise Council		-	-	-	69019
Grants from Lincoln City Council		37143	-	37143	24733
Other Grants and Funds		41528	-	41528	1000
Investment Income		948	-	948	681
TOTAL INCOMING RESOURCES	2	79619	58353	137972	137966
<u>RESOURCES EXPENDED</u>					
Direct Charitable Expenditure					
Grants Payable in Furtherance of the Charity's Objects	3	3190	1810	5000	22855
Costs of Activities in Furtherance of the Charity's Objects	3	33006	58859	91865	73196
Resources Expended on Managing and Administration of the Charity	3	18130	2969	21099	21265
TOTAL RESOURCES EXPENDED		54326	63638	117964	117316
NET INCOMING RESOURCES BEFORE TRANSFERS	3	25293	(5285)	20008	20650
Transfers between Funds		-	-	-	-
MOVEMENT IN TOTAL FUNDS FOR THE YEAR		25293	(5285)	20008	20650
NET MOVEMENT IN FUNDS	5	25293	(5285)	20008	20650
Fund Balances brought forward 1 st April 2001					
		35312	9559	44871	24221
Fund Balances carried forward 31 st March 2002					
		60605	4274	64879	44871

URBAN CHALLENGE LIMITED**Summary Income and Expenditure Account for the year ended 31st March 2002**

	<u>2002</u>	<u>2001</u>
	£	£
Gross Income of Continuing Operations	137972	137966
Total Expenditure of Continuing Operations	117964	117316
Net Income for the Year	<u>20008</u>	<u>20650</u>

URBAN CHALLENGE LIMITED**Balance Sheet as at 31st March 2002**

	<u>Notes</u>	<u>2002</u>	<u>2001</u>
		£	£
FIXED ASSETS			
Tangible Assets	7	326	654
CURRENT ASSETS			
Debtors	8	19393	28445
Cash at Bank and in Hand		48544	37484
		<u>67937</u>	<u>65929</u>
CREDITORS			
Amounts falling due within one year	9	3384	21712
NET CURRENT ASSETS		<u>64553</u>	<u>44217</u>
TOTAL NET ASSETS		<u>64879</u>	<u>44871</u>
CAPITAL AND RESERVES			
Share Capital	10	-	-
Unrestricted Funds	11	60605	35312
Restricted Funds	11	4274	9559
SHAREHOLDERS FUNDS		<u>64879</u>	<u>44871</u>

The financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

Signed on behalf of the Board of Directors

N I Jackson

I E Extnce

Directors

Approved on 16th September 2002

URBAN CHALLENGE LIMITED

Notes to the Accounts for the year ended 31st March 2002

1. ACCOUNTING POLICIES

The financial statements have been prepared under the Historical Cost Convention and in accordance with the Statement of Recommended Practice, Accounting and Reporting by Charities (SORP 2000) issued in October 2000, the Financial Reporting Standard for Smaller Entities (effective March 2000) and the Companies Act 1985. The principal accounting policies adopted in the preparation of the financial statements are as follows:

a. Donations and Grants

Income from donations and grants, including capital grants, is included in incoming resources when these are receivable, except as follows:

- When donors specify that donations and grants given to the Charity must be used in future accounting periods, the income is deferred until those periods.
- When donors impose conditions which have to be fulfilled before the Charity becomes entitled to use such income, the income is deferred and not included in incoming resources until the pre-conditions for use have been met.

When donors specify that donations and grants, including capital grants, are for particular restricted purposes, which do not amount to pre-conditions regarding entitlement, this income is included in incoming resources of restricted funds when receivable.

b. Interest Receivable

Interest is included when receivable by the Charity.

c. Resources Expended

Resources expended are included in the Statement of Financial Activities on an accruals basis, inclusive of any VAT.

d. Pension Costs

The Charity participates in a defined contribution scheme. Pension costs represent the amount payable by the Company in respect of the year.

e. Tangible Fixed Assets

Tangible fixed assets are depreciated on a straight line basis over their estimated useful lives as follows:

Annual Rate

Office Equipment	33%
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URBAN CHALLENGE LIMITED**Notes to the Accounts for the year ended 31st March 2002****1. ACCOUNTING POLICIES (CONT'D)****f. Fund Accounting**

Funds held by the Charity are either:

- Unrestricted general funds – these are funds which can be used in accordance with the charitable objects at the discretion of the Trustees.
- Restricted Funds – these are funds that can only be used for particular restricted purposes within the objects of the Charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

- g. The Accounts include a Statement of Financial Activities in addition to the Income and Expenditure Account. This gives a clearer statement of the resources receivable and expended by the Charity during the year.
- h. Income Grants receivable and payable are accrued to the Income and Expenditure Account for the period to which they relate.

2. INCOME

The income is attributable to the Company's principal activity, namely, that of co-ordinating with local communities in the City of Lincoln to support projects dealing with the problems of urban development.

Grants and Voluntary Donations

	<u>2002</u>	<u>2001</u>
	£	£
Grants from Government and Other Public Bodies		
- In Cash	120853	121553
- In Kind	14643	14733
Other Grants	1528	1000
Investment Income	948	680
	137972	137966

URBAN CHALLENGE LIMITED**Notes to the Accounts for the year ended 31st March 2002****3. ANALYSIS OF TOTAL RESOURCES EXPENDED**

	Staff Costs	Other	Grants	Totals
	£	'£	£	£
2002				
Direct Charitable Expenditure				
Grants Payable in Furtherance of the Charity's Objects	-	-	5000	5000
Cost of Activities in Furtherance of the Charity's Objects	91865	-	-	91865
Management and Administration	-	21099	-	21099
	<u>91865</u>	<u>21099</u>	<u>5000</u>	<u>117964</u>
2001	<u>73196</u>	<u>21265</u>	<u>22855</u>	<u>117316</u>

No grants were made to individuals.

The following material direct grants were made:

	2002	2001
	£	£
Birchwood Access Centre	-	5000
Abbey Access Centre	-	5000
Lincoln Voluntary Centre	-	6000
	<u>-</u>	<u>16000</u>

Costs associated with management and administration include:

	2002	2001
	£	£
Office Running Costs in Kind	<u>14643</u>	<u>14733</u>

4. NET INCOMING RESOURCES

	2002	2001
	£	£
Net Incoming Resources is stated after charging/(crediting):		
Depreciation (Note 7)	328	966
Staff Costs (Note 4a)	91865	73196
Auditors Remuneration - Audit Fee	1058	1058
- Other Services	223	423
Grant Amortisation (Note 9)	<u>(328)</u>	<u>(966)</u>

URBAN CHALLENGE LIMITED**Notes to the Accounts for the year ended 31st March 2002****4a. WAGES AND SALARIES**

	<u>2002</u>	<u>2001</u>
	£	£
Trustee Remuneration	-	-
Wages and Salaries	83873	64790
Social Security Costs	6881	5872
Pension	1111	1000
Training	-	1534
	<u>91865</u>	<u>73196</u>

The average weekly number of employees during the year was as follows:

	<u>Number</u>	<u>Number</u>
Office and Management	<u>4</u>	<u>4</u>

No employees have emoluments in excess of £50000 per annum.

5. CHANGES IN RESOURCES AVAILABLE FOR CHARITY USE

	<u>Restricted Funds</u>	<u>Unrestricted Funds</u>	<u>Total Funds</u>
	£	£	£
Net Movement in Funds for the Year	(5285)	25293	20008
Net Increase in Tangible Fixed Assets			
for Direct Charitable Purposes	-	-	-
for Other Purposes	-	-	-
NET MOVEMENT IN FUNDS AVAILABLE FOR FUTURE ACTIVITIES	<u>(5285)</u>	<u>25293</u>	<u>20008</u>

6. TAXATION

There was no liability to Corporation Tax for the current or previous year.

URBAN CHALLENGE LIMITED**Notes to the Accounts for the year ended 31st March 2002****7. TANGIBLE FIXED ASSETS**

	<u>Office Equipment</u> £
COST:	
At 1 st April 2001	2890
Additions	-
At 31 st March 2002	2890
DEPRECIATION:	
At 1 st April 2001	2236
Charge for the Year	328
At 31 st March 2002	2564
NET BOOK VALUE:	
At 31 st March 2002	326
At 1 st April 2001	654

The net book value at 31st March 2002 represents fixed assets used for:

	<u>Office Equipment</u> £
Direct Charitable Purposes	
Advisory Services	-
Other Purposes	
Management and Administration	326
	326

8. DEBTORS

	<u>2002</u> £	<u>2001</u> £
Amounts due within one year:		
Other Debtors	19393	28445

Other debtors represent grants receivable.

9. CREDITORS

	<u>2002</u> £	<u>2001</u> £
Amounts falling due within one year:		
Deferred Capital Grants	326	654
Accrued Expenses	3058	21058
	3384	21712

URBAN CHALLENGE LIMITED**Notes to the Accounts for the year ended 31st March 2002****10. MEMBERS GUARANTEE**

The Company is a registered charity limited by guarantee with the liability of each of the Members being limited to £10.

11. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	<u>Unrestricted Funds</u>	<u>Restricted Funds</u>
	£	£
Fund Balances at 31st March 2002 are represented by:		
Tangible Fixed Assets	326	-
Current Assets	63663	4274
Current Liabilities	(3384)	-
TOTAL NET ASSETS	60605	4274

The restricted reserve represents advance monies received in respect of the Moorland First Steps Project. This Project will research and analyse existing provision and the needs of the community within the Moorland Ward of Lincoln. The expenses incurred, which are predominately salary costs, are matched mainly by funds received from the European Social Fund and the Single Regeneration Budget.