URBAN CHALLENGE LIMITED

Registered Number: 3438413

Financial Accounts for the
year ended 31st March 2003

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



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URBAN CHALLENGE LIMITED

Financial Accounts for the year ended 31st March 2003

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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
SECRETARY:	St Swithins Secretarial Limited
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 for the year ended 31st March 2003

It is now ten years since Urban Challenge was first created as an initiative of Lincolnshire Training and Enterprise Council and the City of Lincoln Council. During that time Urban Challenge has become a company limited by guarantee, a registered charity and has grown in size from one employee in 1993 to a total of eight in this last year. It has been my pleasure to have been involved since its inception.

The range of Urban Challenge activities has expanded and now includes community development, community enterprise, community safety, volunteer bureau, healthy living, administering a community network, in addition to providing support and advice to the voluntary and community sectors. Although the work has expanded Urban Challenge has remained faithful to its original mission to enable the development of stable, thriving communities with the capacity to plan and manage lasting improvements to their quality of life.

During the year successful applications for funding has enabled the organisation to be more financially secure. However, all funding is time limited. Further applications will have to be made in forthcoming years to ensure that the work is continued.

The reputation of Urban Challenge has been enhanced in the city and I believe that this is due to the quality of work which has been produced. As a result of this increased confidence we have acted as the responsible body for three funds on behalf of the Lincoln Community Network, the Community Chest, the Community Empowerment Fund and the Community Learning Chest.

I would like to thank the staff of Urban Challenge for their hard work during the year and my fellow Directors and Trustees for their continued support.

Finally, I would like to express my appreciation to all of our funders whose support has ensured that we have been able continue with our work to assist communities in the City.

N.I.

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N I Jackson

- Chairman

URBAN CHALLENGE LIMITED

Report of the Trustees for the year ended 31st March 2003

The Trustees, who are also the Directors for the purpose of company law, 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 £35926 (2002 : £20008), of which £27715 (2002 : £25293) related to unrestricted reserves and £8211 (2002 : deficit £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 aims of the Company are:

- To develop the capacity and skills of the socially and economically deprived communities in Lincoln City, making them better able to identify and meet their own needs and so participate more fully in society.

- To engage in social regeneration activities to improve the qualify of life for people living within Lincoln City through:
  - i) capacity building - equipping people with the knowledge and skills to take an active role in regeneration issues and enhance their own personal development;
  - ii) community economic development - helping individuals and groups regenerate their community through developing sustainable social enterprises.

- To reduce crime and the fear of crime through:
  - i) working to the Lincoln Crime and Disorder Reduction Strategy;
  - ii) working with partners to initiate, co-ordinate and monitor crime reduction projects.

- To promote any charitable purpose for the benefit of the community including the relief of poverty, advancement of education and such other purposes as the Trustees shall think fit.

The Company obtained charitable status on 14th December 1998.

The Company is limited by guarantee. Its governing document is the 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	

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, making decisions jointly.

F A Cameron Esq resigned as a Director on 8th November 2002.

URBAN CHALLENGE LIMITED

Report of the Trustees for the year ended 31st March 2003 (Cont'd)

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.

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 £60000 to £100000.

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.

The Company acts as the responsible body on behalf of the Lincoln Community Network for the Community Empowerment Fund, the Community Chest and the Community Learning Chest. The criteria for grants issued from these three funds are determined by the Community Network with guidance from the Government Office for the East Midlands. All money received into the accounts of Urban Challenge for the three funds is paid out in grants.

URBAN CHALLENGE LIMITED

Report of the Trustees for the year ended 31st March 2003 (Cont'd)

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

St Swithins Secretarial Ltd

Approved on 23rd October 2003

St Swithins Secretarial Limited
Secretary

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 2003 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 June 2002), under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITORS

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

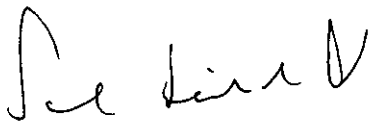
We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF URBAN CHALLENGE LIMITED (CONT'D)

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 2003 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

23rd October 2003

URBAN CHALLENGE LIMITED

Statement of Financial Activities for the year ended 31st March 2003

	Note	Unrestricted Funds £	Restricted Funds £	Total 2003 £	Total 2002 £
INCOMING RESOURCES					
Activities in Furtherance of the Charity's Objects					
European Social Fund Grant		-	37353	37353	25066
Single Regeneration Budget Grant		-	80162	80162	33287
Grants from Lincoln City Council		31147	-	31147	37143
Other Grants and Funds		66100	214177	280277	41528
Investment Income		1344	-	1344	948
TOTAL INCOMING RESOURCES	2	98591	331692	430283	137972
RESOURCES EXPENDED					
Direct Charitable Expenditure					
Grants Payable in Furtherance of the Charity's Objects	3	-	192607	192607	5000
Costs of Activities in Furtherance of the Charity's Objects	3	35864	121394	157258	91865
Resources Expended on Managing and Administration of the Charity	3	35012	9480	44492	21099
TOTAL RESOURCES EXPENDED		70876	323481	394357	117964
NET INCOMING RESOURCES BEFORE TRANSFERS	4	27715	8211	35926	20008
Transfers between Funds		-	-	-	-
MOVEMENT IN TOTAL FUNDS FOR THE YEAR		27715	8211	35926	20008
NET MOVEMENT IN FUNDS		27715	8211	35926	20008
Fund Balances brought forward 1st April 2002		60605	4274	64879	44871
Fund Balances carried forward 31st March 2003		88320	12485	100805	64879

URBAN CHALLENGE LIMITED

Summary Income and Expenditure Account for the year ended 31st March 2003

	2003 £	2002 £
Gross Income of Continuing Operations	430283	137972
Total Expenditure of Continuing Operations	394357	117964
Net Income for the Year	35926	20008

URBAN CHALLENGE LIMITED

Balance Sheet as at 31st March 2003

	Notes	2003		2002	
		£	£	£	£
FIXED ASSETS					
Tangible Assets	7		6163		326
CURRENT ASSETS					
Debtors	8	42270		19393	
Cash at Bank and in Hand		114109		48544	
		156379		67937	
CREDITORS					
Amounts falling due within one year	9	61737		3384	
NET CURRENT ASSETS			94642		64553
TOTAL NET ASSETS			100805		64879
CAPITAL AND RESERVES					
Share Capital	10		-		-
Unrestricted Funds	11		88320		60605
Restricted Funds	11		12485		4274
SHAREHOLDERS FUNDS			100805		64879

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.

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N I Jackson

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I E Extance

} Directors

Approved on 23rd October 2003

URBAN CHALLENGE LIMITED

Notes to the Accounts for the year ended 31st March 2003

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 June 2002), its governing document 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 stated at cost and depreciated on a straight line basis over their estimated useful lives as follows:

	Annual Rate
Office Equipment	33%

URBAN CHALLENGE LIMITED

Notes to the Accounts for the year ended 31st March 2003

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.

Income comprises:	2003 £	2002 £
Grants from Government and Other Public Bodies		
- In Cash	403292	120853
- In Kind	18647	14643
Other Grants	7000	1528
Investment Income	1344	948
	430283	137972

Note: The Charity is the financially accountable body for managing government funds received. It does not have discretion to make grant payments but administers the payment of grants from monies received as directed by the appropriate government backed decision making body.

URBAN CHALLENGE LIMITED

Notes to the Accounts for the year ended 31st March 2003

3. ANALYSIS OF TOTAL RESOURCES EXPENDED

	Staff Costs	Other	Grants	Totals
2003	£	£	£	£
Direct Charitable Expenditure				
Grants Payable in Furtherance of the Charity's Objects	-	-	192607	192607
Cost of Activities in Furtherance of the Charity's Objects	137302	19956	-	157258
Management and Administration	-	44492	-	44492
	137302	64448	192607	394357
2002	91865	21099	5000	117964

Costs associated with management and administration include:

	2003	2002
	£	£
Publicity	8702	1269
Office Running Costs in Kind	18647	14643

4. NET INCOMING RESOURCES

Net Incoming Resources is stated after charging/(crediting):	2003 £	2002 £
Depreciation (Note 7)	3409	328
Staff Costs (Note 5)	137302	91865
Auditors Remuneration - Audit Fee	2350	1058
- Other Services	735	223
Grant Amortisation (Note 9)	(326)	(328)

5. WAGES AND SALARIES

	2003	2002
	£	£
Trustee Remuneration	-	-
Wages and Salaries	124150	83873
Social Security Costs	10557	6881
Pension	2595	1111
	137302	91865

The average weekly number of employees during the year was as follows:	Number	Number
Office and Management	8	4

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

URBAN CHALLENGE LIMITED

Notes to the Accounts for the year ended 31st March 2003

6. TAXATION

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

7. TANGIBLE FIXED ASSETS

	Office Equipment £
COST:	
At 1st April 2002	2890
Additions	9246
Disposals	(1910)
At 31st March 2003	10226
DEPRECIATION:	
At 1st April 2002	2564
Charge for the Year	3409
On Disposals	(1910)
At 31st March 2003	4063
NET BOOK VALUE:	
At 31st March 2003	6163
At 1st April 2002	326

The net book value at 31st March 2003 represents fixed assets used for:

	Office Equipment £
Direct Charitable Purposes	
Advisory Services	-
Other Purposes	
Management and Administration	6163
	6163

8. DEBTORS

	2003 £	2002 £
Amounts due within one year:		
Accrued Income - Grants	42270	19393

URBAN CHALLENGE LIMITED

Notes to the Accounts for the year ended 31st March 2003

9. CREDITORS

	2003	2002
	£	£
Amounts falling due within one year:		
Trade Creditors	33517	-
Deferred Capital Grants	-	326
Accrued Expenses	2350	1058
Social Security and Other Taxes	3481	-
Deferred Income	22389	2000
	61737	3384

Incoming resources deferred in the current year amounted to £22389 (2002 : £2000). Deferred income released from the prior year amounted to £2000 (2002 : £2000).

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

Fund Balances at 31st March 2003 are represented by:	Unrestricted Funds £	Restricted Funds £
Tangible Fixed Assets	6163	-
Current Assets	96735	59644
Current Liabilities	(14578)	(47159)
TOTAL NET ASSETS	88320	12485

The Restricted Reserve represents underspends on the Community Chest and Community Empowerment Fund and will be utilised against projects in the following year.