

**CANAAN TRUST**

**(A Company Limited by Guarantee)**

**UNAUDITED REPORT AND  
FINANCIAL STATEMENTS**

**for the Year Ended 31 March 2020**

**Charity Number 1105657  
Company Number 05169595**

**Canaan Trust**  
**(A Company Limited by Guarantee)**

**Report of the Trustees for the year ended 31 March 2020**

The Trustees are pleased to present their annual Director's Report together with the financial statements of the charity for the year ended 31 March 2020 which are also prepared to meet the requirements for a Director's Report and accounts for Companies Act purposes.

The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard in the UK and Republic of Ireland (FRS102) (effective 1 January 2015).

**Chairs' Report**

As this report is written we are in the middle of the lockdown caused by the Covid-19 virus pandemic. Strict protocols have been put in place to ensure the health and safety of staff and clients so Canaan Trust continues to operate 24/7. Extra cleaning regimes are in place. The staff are working as two separate teams so that if one team has to self isolate there will still be staff available. Lone workers have changed their methods of contact with clients so that social distancing rules can be met. No visitors are allowed into Jordan House or Cranmer Street. Those who come for food parcels have to maintain a safe distance having rung the doorbell. All staff are still working, none have been furloughed. The trustees are very aware of the commitment shown by all staff to keep the Trust operating, supporting all clients both resident and those in the Community. We commend them for their efforts. As Trustees we are doing our part by holding meetings via the Zoom App.

The financial consequences of the lockdown are not shown in this year's report. They will become clear in the coming months. 2020 is the 25th year of the Trust and plans were in place for a number of events to mark this "Year of Thanksgiving." These have all been put on hold or cancelled. Many were fundraising such as the Annual Sleep Out so we can anticipate a significant fall in the proceeds from fundraising. This will be counterbalanced to a degree by the number of grants being offered from various sources to support businesses and charities which our manager is very adept at identifying and applying to. The trustees will monitor the situation throughout the year but it may well be that we will have to use some of our reserves to maintain the current level of operations. As a Christian charity we are determined that we do not fail those in need, especially at this critical time.

We are living in challenging times and the Canaan Trust is not immune from those challenges. The trustees are committed to ensure that the Trust will overcome the difficulties faced, will continue to support all who come to our door and be ready when life returns to the "new normal" to grow to meet what is bound to be an increased call on our services. To this end in the current financial year we have agreed a designated fund of £160,000 to be used towards the purchase/refurbishment of an additional property.

**Objects and Activities**

The objectives of the charity are the relief of poverty, the advancement of education and the provision of a planned programme of high quality housing related services.

The Trustees have recognised that the wording of the Memorandum and Articles originally adopted do not adequately reflect the work and ethos of the Trust. However, as an Incorporated Charity it is not possible to change the original statement. The Trustees, in consultation with the manager and assistant manager, have adopted an Ethos Statement which we believe sets out in clearer terms the aims and objectives we are working to.

The charity enables and assists vulnerable homeless individuals to establish and maintain greater independence in the community. The charity will provide or assist in the provision of any other facilities, deemed in law, to be exclusively charitable for residents in the Borough of Erewash in the County of Derbyshire and its surrounding boroughs and counties.

Motivated by its Christian ethic, the charity seeks to provide its services fairly, inclusively and diversely to each and every individual who might benefit, while fostering public awareness of homelessness in the community.

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**Report of the Trustees for the year ended 31 March 2020 - Continued**

**Achievements and Performance**

Although the lockdown is currently in place the Trust still provides accommodation for twelve males and food parcels and support for many in the community. The education programme ran until the restrictions began and will recommence as soon as it is safe to do so. Local firms have continued to donate surplus foodstuffs which have been distributed often in partnership with other local charities. Facebook appeals have resulted in individuals donating food and toiletries when our stocks have run low. Many churches used their Harvest Festivals to gather donations for us. One major donation, £17000, was received from the Dennis Roy Theobald Trust. The Trustees wish to record their grateful thanks to all who have supported us in the last year.

The funds received last year from UPS have been used to buy a van which has been put to great use in supporting the work of the Trust.

The office and other parts of Jordan House have been decorated and re-carpeted.

The pay rates for Weekend Support Staff and Night Workers have been equalised removing a historic anomaly.

A Facebook donation facility has been initiated.

An empty retail unit was used as a storage unit for several months allowing the Trust to accept extra donations and support homeless families by storing their belongings.

Three “Igloos” have been purchased. These are excellent temporary one man shelters which can be used by homeless individuals for whom immediate placements can't be found.

The trustees were delighted when two residents began University courses in September.

The residents designed and made a Christmas Tree which was displayed at festivals in Long Eaton and Nuthall generating publicity and donations for the Trust.

The Trust has supported the initiative, arranged by Hope Long Eaton entitled “God’s Heart for the Poor and Homeless in 2020” and continues to encourage local churches and others in community social action.

This the 25th anniversary of the Trust should have been the springboard for many events but these have been put on hold. However two events have taken place. Dean Anderson whose family’s act of Christian generosity inspired the formation of the Trust has written a book explaining how this came about. The Trust was happy to support the launch event in November and promote sales. All proceeds of the first print run will be donated to the Trust.

Our Manager Kevin Curtis slept out for 25 nights in January. In truth the Trustees were concerned for his health when he first proposed the idea but were reassured when all the risk assessments and safety measures were in place. He actually trialled one of our new Igloos each night. Great publicity resulted including items on local television news and radio and generous donations received. The Trustees commend Kevin for such a commitment.

**Public Benefit**

All our charitable activities focus on the homeless and the rehabilitation of these persons to integrate them back into the community. This is achieved by each successful referral, through interview, receiving a bespoke programme tailored to their individual needs. Increasingly, those referred to us have a number of issues such as a history of drug/alcohol abuse, offending, learning difficulties and very low self esteem. These issues are addressed by providing individual programmes of support including counseling and education on a wide range of life skills to equip the clients for independent living as well as support in dealing with external agencies.

The Trust seeks to embed fair access, fair exit, diversity and inclusion within the culture and performance of its service. All equality and diversity policies and procedures are designed to proactively fulfil the requirements of the current legislation.

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**Trustees' Report for the Year Ended 31 March 2020 - Continued**

Equal access to our services is an important issue for us. We have a constant monitoring process to ensure entry to the project is not discriminatory by disability, religious belief or sexual orientation.

The trustees confirm that they have complied with their duties under section 17 of the 2011 Charities Act with regard to Public Benefit.

**Financial Review**

The attached financial statements show the current state of the finances. The company had incoming resources during the year of £325,420.

The company's revenue reserve unrestricted fund balance is a surplus of £727,408 at 31 March 2020 which is substantially held as property. The company's unrestricted surplus for the year totalled £9,832.

The principal funding sources of rental income from Housing Benefit, together with donations have been used to support the key objectives in achieving the performance as described above.

**Investment Powers of Trust**

To invest trust money in the purchase of or at interest on the security of such stocks funds shares securities or other investments or property of whatever nature and wherever situated as the Trustees in their absolute discretion think fit to the intent that the Trustees shall have the same full and unrestricted powers of investing and transposing investments as if they were beneficially entitled to the Trust Fund.

**Grant Making Policy**

At the discretion of the board of Trustees, they may from time to time make donations to other charities which have the same objectives as the Trust. During the year the charity continued to donate regular donations to 'Footprints Orphanage', a charity with similar charitable aims, of which Kevin Curtis, Manager of the Charity, is Trustee.

**Fundraising Activities**

A variety of activities take place to raise funds for the Charity. All of these funds are used for charitable purposes. The trustees are grateful for all help offered during the year on a voluntary basis.

**Reserves Policy**

As at 31 March 2020 the total funds of the Trust were £727,408, a substantial amount of this being represented by fixed assets.

The Directors recognise that:-

- a) the Trust's charitable activities are such as to require a significant investment in fixed assets;
- b) the Directors have identified opportunities for refurbishment of buildings and/or for extension of its operations, and funds raised for these purposes are likely to be restricted funds.
- c) The Trust's ordinary income, excluding funds generated from charitable giving, below normal operational expenditure.

The Directors have adopted a policy that unrestricted funds not committed and held by the charity should cover, in the event of being wound up due to lack of funding, sufficient funds to pay current notice and redundancy entitlement and the equivalent of 3 months' running costs. The Directors estimate that £80,000 should be set aside for this purpose.

In addition to this, it is the Directors' intention to hold sufficient funds in reserve to ensure the continuation of current activities for a period of 12 months in the event of a significant drop in charitable or other income to enable appropriate cost reduction measures to be put in place.

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**Trustees' Report for the Year Ended 31 March 2020 - Continued**

**Future Plans**

It is our intention to build on the foundations established in previous years by further developing the level of publicity with the aim of achieving regular and sustainable donations to fund our activities. Financial sustainability is crucial and the Trustees recognise that in the current cost-cutting environment it is essential that we have sufficient reserves to cope with unforeseen circumstances, in particular relating to Housing Benefit which is a significant source of income to the Trust.

**Short Term**

Given the ages of the current trustees and managers of the Trust discussions have begun to ensure a smooth management progression when the need arises. A revised management structure will be put in place whilst the trustees continue the search for suitable candidates to join the board.

Discussions have begun with local churches keen to initiate a "Listening Post" in Long Eaton.

**Long Term**

Explore how best to use available resources to meet the needs of residential and outreach clients.

Explore other income streams to lessen dependence on donations.

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**Report of the Trustees for the Year Ended 31 March 2020**

**Reference and Administrative Information**

|   |   |
|---|---|
| <b>CHARITY NAME:</b>  | Canaan Trust  |
| <b>CHARITY REGISTRATION NUMBER:</b>   | 1105657   |
| <b>COMPANY REGISTRATION NUMBER:</b>   | 5169595   |
| <b>REGISTERED OFFICE:</b>   | Cliffe Hill House<br>22-26 Nottingham Road<br>Stapleford<br>Nottingham NG9 8AA  |
| <b>OPERATIONAL ADDRESS:</b>   | Jordan House<br>14 Main Street<br>Long Eaton<br>Nottingham NG10 1GR   |
| <b>PATRONS:</b>   | Andrew James  |
| <b>TRUSTEES OF THE CHARITY<br/>AND DIRECTORS OF THE COMPANY:</b>            | Mrs D Ross (Treasurer)<br>Mr D Gee (chair)<br>Mr T J Broad<br>Mr A Goulden<br>Mr T Jones<br>Mrs T Hopkins (Appointed 27.11.19)  |
| <b>PROJECT MANAGER:<br/>(Responsible for day to day running of project)</b> | Kevin Curtis  |
| <b>ASSISTANT MANAGER:</b>   | Kate Bassford   |
| <b>COMPANY SECRETARY:</b>   | Not Appointed   |
| <b>INDEPENDENT EXAMINER:</b>  | D J Lockwood FCA, FCCA ATT(Fellow)<br>Chartered Accountant<br>Haines Watts Nottingham Limited<br>Cliffe Hill House<br>22 – 26 Nottingham Road<br>Stapleford<br>Nottingham NG9 8AA |
| <b>BANKERS:</b>   | The Co-operative Bank PLC<br>4 – 5 Exchange Walk<br>Nottingham NG1 2NX<br><br>Barclays Bank, Long Eaton Branch  |
| <b>SOLICITORS:</b>  | Ellis-Fermor Negus<br>35 Derby Road<br>Long Eaton<br>Nottingham NG10 1LU  |
| <b>WEBSITE:</b>   | <a href="http://www.canaan-trust.co.uk">www.canaan-trust.co.uk</a>  |

**Canaan Trust**  
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**Trustees' Report for the Year Ended 31 March 2020**

**Structure, Governance and Management**

Governing Document

The organisation is a charitable company limited by guarantee, incorporated on 2 July 2004 and registered as a charity on 27 August 2004. The company was established under a Memorandum of Association which established the objects and powers of the charitable company and is governed under its Articles of Association. In the event of the company being wound-up members are required to contribute an amount not exceeding £10.

Recruitment and Appointment of Management Committee

The directors of the company are also charity trustees for the purposes of charity law and under the company's Articles are known as the Board of Directors. Under the requirements of the Memorandum and Articles of Association one third of the members of the Board of Directors are required to retire from office annually. The Directors to retire by rotation shall be those who have been longest in office since their last appointment. The Trustees appointed represent a number of churches and dominations within the locality.

Formation

Canaan Trust formally commenced operation on the 1 April 2005 when all assets and the operations of The Aspire Trust were transferred to the Canaan Trust by a deed of gift and staff were transferred under TUPE.

Trustee Induction and Training

Any new trustee undergoes an induction process to brief them on their legal obligations under charity and company law, the content of the Memorandum and Articles of Association, the committee and decision making process, the business plan and the recent financial performance of the Charity. During this induction they meet key employees and other trustees. All trustees are actively encouraged to attend appropriate training events that will facilitate the undertaking of their role within the charity.

Risk Management

The Board of Directors has conducted a review of the major risks to which the charity is exposed. A risk register has been established and will be updated annually. Where appropriate, systems or procedures have been established to mitigate the risks the charity faces. The Trust has appointed external advisers for Health and Safety, Human Resources and Information Technology to ensure compliance with current legislation and provide expert advice. Significant external risks to funding have led to the development of a strategic plan which will allow for the diversification of funding and activities. Internal control risks are minimised by the implementation of procedures for authorisation of all transactions and projects. Procedures are in place to ensure compliance with health and safety of staff, volunteers, clients and visitors to the project. Monthly reports are produced to monitor Income and Expenditure enabling steps to be taken early to lessen risk. Internal risks are minimised by the implementation of procedures for authorisation of all transactions by at least 2 trustees or 1 trustee and the treasurer. The Treasurer and Project Manager monitor all cash transactions and limits are set for monthly amounts of expenditure.

In response to the lowering of the threshold for the guarantee of funds in bank accounts the Trust have opened an account with Santander Bank and have transferred funds to ensure there is no risk to our reserves.

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**Trustees' Report for the Year Ended 31 March 2020 - Continued**

Organisational Structure

Canaan Trust has a Board of Directors which meets monthly and is responsible for the strategic direction and policy of the charity. At present the Committee has six members from a variety of professional backgrounds relevant to the work of the charity.

A scheme of delegation is in place and day to day responsibility for the provision of the services rests with the project manager Mr Kevin Curtis. He is responsible for ensuring that the charity delivers the services specified and that key performance indicators are met. The Manager has responsibility for the day to day operational management of the Project, individual supervision of the staff team and also ensuring that the team continue to develop their skills and working practices in line with good practice.

**Responsibilities of the Trustees**

Company law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the charitable company as at the balance sheet date and of its incoming resources and application of resources, including income and expenditure, for the financial year. In preparing those financial statements, the management committee should follow best practice and:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to assume that the company will continue on that basis.

The Trustees are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and to enable them to ensure that the financial statements comply with the Companies Act 2006. The Board of Directors is also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Members of the Management Committee

Members of the Board of Directors who are also trustees for the purpose of charity law, who served during the year and up to the date of this report are set out on page 6.

Members of the Charitable Company guarantee to contribute an amount not exceeding £10 to the assets of the charitable company in the event of winding up. The total number of such guarantees at 31 March 2020 was 6 (2019 – 5).

This report has been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities (issued in July 2014) and in accordance with the Special Provisions of Part 15 of the Companies Act 2006 relating to small entities.

Approved by the Board of Directors on (30/09/2020) and signed on its behalf by:

Signature ..... David Gee ..... Mr D Gee (Director and Chair of Board of Trustees)



**Canaan Trust**  
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**Company Number: 05169595**

**Independent Examiner's Report to the Trustees of Canaan Trust**

I report on the charity trustees on my examination of the accounts of the company for the year ended 31 March 2020.

**Responsibilities and Basis of Report**

As the charity's trustees of the Company (and also its directors for the purpose of company law) you are responsible for the preparation of the accounts in accordance with the requirements of the Companies Act 2006 ('the 2006 Act').

Having satisfied myself that the accounts of the Company are not required to be audited under Part 16 of the 2006 Act and are eligible for independent examination, I report in respect of my examination of your charity's accounts as carried out under section 145 of the Charities Act 2011 ('the 2011 Act'). In carrying out my examination I have followed the directions given by the Charity Commission under section 145(5)(b) of the 2011 Act.

**Independent Examiner's Statement**

I have completed my examination. I confirm that no matters have come to my attention in connection with the examination giving me cause to believe:-

- 1) Accounting records were not kept in respect of the Company as required by section 386 of the 2006 Act; or
- 2) The accounts do not accord with those records; or
- 3) The accounts do not comply with the accounting requirements of section 396 of the 2006 Act other than any requirements that the accounts give a 'true and fair view' which is not a matter considered as part of an independent examination; or
- 4) The accounts have not been prepared in accordance with the methods and principles of the Statement of recommended Practice for accounting and reporting by charities (applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102)).

I have no concerns and have come across no other matters in connection with the examination to which attention should be drawn in this report in order to enable a proper understanding of the accounts to be reached.

.....  
D J Lockwood FCA, FCCA, ATT(Fellow)  
Chartered Accountant

Dated .....

Haines Watts Nottingham Limited  
Cliffe Hill House  
22-26 Nottingham Road  
Stapleford  
Nottingham  
NG9 8AA

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**Statement of Financial Activities (including Income and Expenditure Account)**  
**For the year ended 31 March 2020**

|  | Notes | Unrestricted<br>Funds<br>2020<br>£ | Restricted<br>Funds<br>2020<br>£ | Total<br>Funds<br>2020<br>£ | Unrestricted<br>Funds<br>2019<br>£ | Restricted<br>Funds<br>2019<br>£ | Total<br>Funds<br>2019<br>£ |
|--|-------|------------------------------------|----------------------------------|-----------------------------|------------------------------------|----------------------------------|-----------------------------|
| <b>Income</b>  |       |                                    |                                  |                             |                                    |                                  |                             |
| Donations and Legacies                                   | 2     | 97,550                             | 32,144                           | 129,694                     | 80,347                             | 3,500                            | 83,847                      |
| Investment Income  |       | 1,146                              | -                                | 1,146                       | 1,227                              | -                                | 1,227                       |
| <b>Income from charitable activities:</b>                | 3     |                                    |                                  |                             |                                    |                                  |                             |
| Rent & Utilities   |       | 191,418                            | -                                | 191,418                     | 180,284                            | -                                | 180,284                     |
| Fundraising  |       | 3,148                              | -                                | 3,148                       | 37,694                             | -                                | 37,694                      |
| Other Income   |       | 14                                 | -                                | 14                          | 35                                 | -                                | 35                          |
| <b>Total Incoming Resources</b>                          |       | <u>293,276</u>                     | <u>32,144</u>                    | <u>325,420</u>              | <u>299,587</u>                     | <u>3,500</u>                     | <u>303,087</u>              |
| <b>Expenditure</b>                                       |       |                                    |                                  |                             |                                    |                                  |                             |
| Raising Funds  | 4     | 6,599                              | -                                | 6,599                       | 10,271                             | -                                | 10,271                      |
| Charitable activities                                    | 4     | 247,680                            | 17,740                           | 265,420                     | 233,719                            | 4,450                            | 238,169                     |
| Support Costs  | 4     | 29,165                             | -                                | 29,165                      | 29,419                             | -                                | 29,419                      |
| <b>Total Expenditure</b>                                 |       | <u>283,444</u>                     | <u>17,740</u>                    | <u>301,184</u>              | <u>273,409</u>                     | <u>4,450</u>                     | <u>277,859</u>              |
| <b>Net income/expenditure and net movement in fund</b>   |       | 9,832                              | 14,404                           | 24,236                      | 26,178                             | (950)                            | 25,228                      |
| <b>Reconciliation of funds</b>                           |       |                                    |                                  |                             |                                    |                                  |                             |
| <b>Total fund balances brought forward 1 April 2019</b>  | 17    | <u>700,172</u>                     | <u>3,000</u>                     | <u>703,172</u>              | <u>673,994</u>                     | <u>3,950</u>                     | <u>677,944</u>              |
| <b>Total fund balances carried forward 31 March 2020</b> | 17    | <u>710,004</u>                     | <u>17,404</u>                    | <u>727,408</u>              | <u>700,172</u>                     | <u>3,000</u>                     | <u>703,172</u>              |

**The statement of financial activities includes all gains and losses in the year.**  
**All incoming resources and resources expended derive from continuing activities.**

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**Balance Sheet as at 31 March 2020**

|   |       | 2020    |         | 2019    |         |
|---|-------|---------|---------|---------|---------|
|   | Notes | £       | £       | £       | £       |
| <b>Fixed Assets</b>                             |       |         |         |         |         |
| Tangible Assets                                 | 9     |         | 515,401 |         | 502,588 |
| <b>Current Assets</b>                           |       |         |         |         |         |
| Debtors   | 14    | 12,268  |         | 11,816  |         |
| Cash at bank and in hand                        |       | 210,183 |         | 198,471 |         |
|   |       | 222,451 |         | 210,287 |         |
| Creditors: amounts falling due within one year. | 15    | 10,444  |         | 9,703   |         |
| <b>Net Current Assets/(Liabilities)</b>         |       |         | 212,007 |         | 200,584 |
| <b>Net Assets</b>                               |       |         | 727,408 |         | 703,172 |
| <b>Unrestricted funds</b>                       |       |         |         |         |         |
| General Funds - General Purposes                | 17    |         | 710,004 |         | 700,172 |
| <b>Restricted Funds</b>                         | 17    |         | 17,404  |         | 3,000   |
| <b>Total Charity Funds</b>                      | 16    |         | 727,408 |         | 703,172 |

The Company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ending 31 March 2020.

The members have not required the company to obtain an audit of its financial statements for the year ended 31 March 2020 in accordance with Section 476 of the Companies Act 2006.

The trustees acknowledge their responsibilities for:

- a) Ensuring the company keeps accounting records which comply with Sections 386 and 387 of the Companies Act 2006, and
- b) Preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial year in accordance with the requirements of Sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to the financial statements, so far as applicable to the company.

These accounts are prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small entities.

Approved by the Board of Directors on 30/09/2020 and signed on its behalf by: .....

Mrs D Ross Treasurer and Trustee/Director ..... *Diana Ross*

Mr D Gee, Chairman of Directors and Trustee/Director ..... *David Gee*

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**Notes forming part of the Financial Statements for the Year Ended 31 March 2020**

**1. Accounting Policies**

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are as follows:-

**(a) Basis of preparation and assessment of going concern**

The financial statements have been in accordance with the 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 (FRS102) (effective 1 January 2015) – (Charities SORP FRS102). The Financial Reporting Standard applicable in UK and Republic of Ireland (FRS102) and the Companies Act 2006. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

The charity constitutes a public benefit entity as defined by FRS102.

**Going Concern**

The trustees' consider that there are no material uncertainties about the charity's ability to continue as a going concern.

The funds of the charity are considered sufficient to sustain the charity during the current pandemic.

The accounts are presented in Sterling £1.

**Incoming resources**

All incoming resources are included in the statement of financial activities when the charity is entitled to the income and the amount can be quantified with reasonable accuracy. The following specific policies are applied to particular categories of income:

- Voluntary income is received by way of grants, donations and gifts and is included in full in the Statement of Financial Activities when receivable. Grants, where entitlement is not conditional on the delivery of a specific performance by the charity, are recognised when the charity becomes unconditionally entitled to the grant.
- Donated services or facilities are recognised as income when the charity has control over the item, any conditions associated with the donated item have been met, the receipt of economic benefit from the use by the charity of the item is probable and that economic benefit can be measured reliably. On receipt, donated services and facilities are recognised on the basis of the value of the gift to the charity which is the amount the charity would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt.
- Incoming resources from charitable trading activity are accounted for when earned.
- Incoming resources from grants, where related to performance and specific deliverables, are accounted for as the charity earns the right to consideration by its performance.
- Interest receivable – Interest on funds held on deposit is included when receivable and the amount can be received reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.
- Legacies are accounted for on a receivable basis when the following conditions have been met.
  - The final estate accounts have been approved
  - The legacy is capable of measurement; and
  - There is no reversionary interest

**Canaan Trust**  
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**Notes forming part of the Financial Statements for the Year Ended 31 March 2020 - Continued**

**Resources expended**

Expenditure is recognised on an accrual basis as a liability is incurred. Expenditure includes any VAT which cannot be fully recovered, and is reported as part of the expenditure to which it relates:

- Costs of generating funds comprise the costs associated with attracting grants income and donations.
- Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.
- Governance costs include those costs associated with meeting the constitutional and statutory requirements of the charity and include the audit fees and costs linked to the strategic management of the charity.
- All costs are allocated between the expenditure categories of the SOFA on a basis designed to reflect the use of the resource. Costs relating to a particular activity are allocated directly; others are apportioned on an appropriate basis.
- Allocation of Support Costs – Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. Support costs include back office costs, finance, personnel, payroll and governance costs which support the Trusts programmes and activities. These costs have been allocated between cost of raising funds and expenditure on charitable activities. The bases on which support costs have been allocated are set out in note 4.
- Operating Leases – The charity classifies the lease of photocopiers and mobile phones as operating leases. Rental charges are charged on a straight line basis over the term of the lease.

**Tangible Fixed Assets**

All fixed assets are capitalised at cost, where considered appropriate to capitalise. Those purchased by specific gifts and grants have been written off fully in the year of gift.

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

|                                |   |                            |
|--------------------------------|---|----------------------------|
| Fixture, Fitting and Equipment | - | 20% reducing balance       |
| Property                       | - | No charge for depreciation |
| Office Equipment               | - | 25% on cost                |

No depreciation is charged on land and buildings as the residual value is believed to be higher than historical cost.

**Pensions**

The Charity operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Charity in an independently administered fund. Contributions payable for the year are shown in the statement of financial activities.

**Debtors**

Debtors are recognised at the settlement amount owed to the Charity or prepaid.

**Creditors**

Creditors and provisions are recognised where the Charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party, and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount.

**Canaan Trust**  
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**Notes forming part of the Financial Statements for the Year Ended 31 March 2020 - Continued**

**Financial Instruments**

The Charity has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value

**Taxation**

The Charity is exempt from tax on its charitable activities. The Charity also rents its rooms to other local children's activities which satisfy the objectives of the Charity. The Trustees have reviewed the Charity's trading activities and are confident that they further the Charity's aims and, as such, are considered to be primary purpose trading.

**Judgement and Key Sources of Estimation Uncertainty**

The preparation of accounts using generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the accounts and the reported amounts of revenues and expenses during the reporting period.

The key estimates and assumptions used in the Financial Statements are detailed in the accounting policies.

**Fund Balances**

**Unrestricted Funds**

Unrestricted funds are donations and other incoming resources receivable or generated for the objects of the Charity without further specified purpose and are available as general funds.

**Designated funds**

Designated funds are unrestricted funds earmarked by the management committee for particular purposes.

**Restricted Funds**

Restricted funds are to be used for specific purposes as laid down by the donor and are subjected to restrictions of their expenditure imposed by the donor or through the terms of an appeal.

**Legal Status of the Trust**

The Trust is a company limited by guarantee and has no share capital: the liability of each member in the event of winding up is limited to £10.

**Canaan Trust**  
**(A Company Limited by Guarantee)**

Notes forming part of the Financial Statements for the Year Ended 31 March 2020 - Continued

**2. Donations and Legacies**

|  | Unrestricted<br>£ | Restricted<br>£ | 2020<br>Total<br>£ | 2019<br>Total<br>£ |
|--|-------------------|-----------------|--------------------|--------------------|
| Roy Theobald Trust                     | -                 | 17,000          | 17,000             | -                  |
| The Sage Trust                         | 1,000             | -               | 1,000              | 1,000              |
| Puddle Lane Trust                      | -                 | 6,000           | 6,000              | 3,000              |
| Breaston PPCC                          | 2,000             | -               | 2,000              | 1,100              |
| Erewash Borough Council - small grant  | -                 | -               | -                  | 500                |
| Greggs Foundation                      | -                 | -               | -                  | 250                |
| Community Concern                      | 2,600             | -               | 2,600              | -                  |
| EVA                                    | -                 | -               | -                  | 1,600              |
| UPS                                    | -                 | -               | -                  | 24,707             |
| EMH Homes                              | 2,167             | -               | 2,167              | -                  |
| CPD Trust                              | -                 | 9,144           | 9,144              | -                  |
| Trent Parents Association              | 2,000             | -               | 2,000              | -                  |
| General Donations (including Gift Aid) | 87,783            | -               | 87,783             | 51,690             |
|  | <u>97,550</u>     | <u>32,144</u>   | <u>129,694</u>     | <u>83,847</u>      |

**3. Income from Charitable Activities**

|                 | Unrestricted<br>£ | Restricted<br>£ | 2020<br>Total<br>£ | 2019<br>Total<br>£ |
|-----------------|-------------------|-----------------|--------------------|--------------------|
| Utility Income  | 10,355            | -               | 10,355             | 9,005              |
| Rent            | 181,063           | -               | 181,063            | 171,279            |
| Housing Benefit | 181,063           | -               | 181,063            | 171,279            |
|                 | <u>191,418</u>    | <u>-</u>        | <u>191,418</u>     | <u>180,284</u>     |

Trustee giving during the year totalled £252 (2019: £730).

**Canaan Trust**  
**(A Company Limited by Guarantee)**

Notes forming part of the Financial Statements for the Year Ended 31 March 2020 - Continued

**4. Expenditure**

|  | Basis of Allocation | Raising Funds | Rental income and grant income | Support Costs | 2020 Total | 2019 Total |
|--|---------------------|---------------|--------------------------------|---------------|------------|------------|
| Costs directly allocated to activities       | £                   | £             | £                              | £             | £          | £          |
| Staff Costs                                  | Direct              | -             | 182,951                        | 20,328        | 203,279    | 198,788    |
| Rent, Rates and Water                        | Usage               | -             | 4,154                          | -             | 4,154      | 3,176      |
| Heat, Light, Power                           | Usage               | -             | 7,948                          | -             | 7,948      | 5,344      |
| Travel and Staff Expenses                    | Direct              | -             | 2,986                          | 30            | 3,016      | 1,628      |
| Insurance                                    | Direct              | -             | 3,787                          | -             | 3,787      | 3,843      |
| Cleaning/Housekeeping                        | Direct              | -             | 4,784                          | 531           | 5,315      | 2,972      |
| Residents Expenses                           | Direct              | -             | 6,607                          | -             | 6,607      | 4,269      |
| Training Costs                               | Direct              | -             | 5,333                          | -             | 5,333      | 1,145      |
| Property Maintenance                         | Direct              | -             | 17,725                         | -             | 17,725     | 3,052      |
| Healthy Living costs                         | Direct              | -             | 1,446                          | -             | 1,446      | 1,404      |
| Consultancy Fees                             | Direct              | -             | 5,531                          | -             | 5,531      | 8,695      |
| Professional Fees                            | Direct              | -             | -                              | -             | -          | 35         |
|  |                     | -             | 243,252                        | 20,889        | 264,141    | 234,351    |
| <b>Support costs allocated to activities</b> |                     |               |                                |               |            |            |
| Fundraising Costs                            |                     | 1,417         | -                              | -             | 1,417      | 2,301      |
| Stationery, photocopier and office costs     | Usage               | 1,166         | 2,332                          | 1,166         | 4,664      | 5,641      |
| Office Equipment and Maintenance Costs       | Usage               | 1,253         | 2,505                          | 1,253         | 5,011      | 14,156     |
| Computer Expenses                            | Usage               | 2,292         | 4,583                          | 2,292         | 9,167      | 9,820      |
| Telephone, Mobile and Broadband              | Usage               | 225           | 3,375                          | 900           | 4,500      | 4,256      |
| Sundry Expenses                              | Usage               | 131           | 65                             | 131           | 327        | 371        |
| Charitable Giving                            | Direct              | -             | 2,300                          | -             | 2,300      | 2,200      |
| Bank Charges                                 | Usage               | 115           | 115                            | 115           | 345        | 605        |
| Accounting and Payroll                       | Direct              | -             | 3,917                          | 435           | 4,352      | 3,483      |
| Depreciation                                 | Usage               | -             | 2,976                          | 1,984         | 4,960      | 675        |
|  |                     | 6,599         | 22,168                         | 8,276         | 37,043     | 43,508     |
| <b>Total Resources Expended</b>              |                     | 6,599         | 265,420                        | 29,165        | 301,184    | 277,859    |



**Canaan Trust**  
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**Notes forming part of the Financial Statements for the Year Ended 31 March 2020 - Continued**

**5. Net Incoming Resources for the year**

This is stated after charging

|                           | 2020  | 2019  |
|---------------------------|-------|-------|
|                           | £     | £     |
| Depreciation              | 4,960 | 675   |
| Reporting Accountants Fee | 2,789 | 2,160 |
| Payroll Preparation Fees  | 1,563 | 1,323 |

**6. Staff Costs and Numbers**

|                              | £              | £              |
|------------------------------|----------------|----------------|
| Salaries                     | 182,868        | 181,555        |
| Pension Costs                | 9,350          | 7,949          |
| Employers National Insurance | 11,061         | 9,284          |
|                              | <u>203,279</u> | <u>198,788</u> |

Average number of paid full and part time employees in the year

|  |    |      |
|--|----|------|
|  | 14 | 15.5 |
|--|----|------|

The cost of one employee is partly charged to support costs. The others are included in charitable activities. (note 4)

No employee received emoluments of more than £ 60,000 in the year.

Total remuneration of key management personnel in the year was £66,735 (2019: £65,174).

**7. Trustee Remuneration and Related Party Transactions**

No emoluments were received by the Trustees either in their capacities as Trustees or as members of the Board of Trustees. There were no other emoluments or expenses paid to any other Charity trustee, or persons connected with such a trustee directly or indirectly from the funds of the Charity or from the property of any body connected with the Charity. There are no other related party transactions.

**8. Taxation**

As a Charity, Canaan Trust is exempt from tax on income and gains falling within section 505 of the Taxes Act 1988 or s256 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects. No tax charges have arisen in the Charity.

**Canaan Trust**  
**(A Company Limited by Guarantee)**

Notes forming part of the Financial Statements for the Year Ended 31 March 2020 - Continued

**9. Tangible Fixed Assets**

|                       | Land and<br>Buildings<br>£ | Office<br>Equipment<br>£ | Fixtures and<br>Equipment<br>£ | Van<br>£      | Total<br>£     |
|-----------------------|----------------------------|--------------------------|--------------------------------|---------------|----------------|
| <b>Cost</b>           |                            |                          |                                |               |                |
| Brought forward       | 500,852                    | 5,796                    | 21,702                         | -             | 528,350        |
| Additions             | -                          | -                        | -                              | 17,779        | 17,779         |
| At 31 March 2019      | <u>500,852</u>             | <u>5,796</u>             | <u>21,702</u>                  | <u>17,779</u> | <u>546,129</u> |
| <b>Depreciation</b>   |                            |                          |                                |               |                |
| Brought forward       | -                          | 5,248                    | 20,514                         | -             | 25,762         |
| Charge for the year   | -                          | 268                      | 254                            | 4,444         | 4,966          |
| At 31 March 2020      | <u>-</u>                   | <u>5,516</u>             | <u>20,768</u>                  | <u>4,444</u>  | <u>30,728</u>  |
| <b>Net Book Value</b> |                            |                          |                                |               |                |
| At 31 March 2020      | <u>500,852</u>             | <u>280</u>               | <u>934</u>                     | <u>13,335</u> | <u>51,401</u>  |
| At 31 March 2019      | <u>500,852</u>             | <u>548</u>               | <u>1,188</u>                   | <u>-</u>      | <u>502,588</u> |

There were no tangible assets donated during the year that were capitalised and all assets are held for the furtherance of the Charity's objectives.

**10. Financial Commitments**

The Charity has the following commitments:

- An annual commitment to pay a photocopier and printer lease. The annual lease charge payable is £971.68.
- A commitment to the current insurance company for premiums of at least £3,458 per annum until April 2021.
- A commitment to a mobile phone contract. The annual rental amount is £290.16.

**11. Pension Commitments**

The Charity operates a defined contribution pension scheme administered by Standard Life. The assets are held separate from those of the Charity in an independently administered fund. The pension cost charge represents contributions payable by the Charity to the fund and amounted to £9,350 (2019: £7,949).

**12. Donations paid during the year were as follows:-**

|                   | £<br>2020    | £<br>2019    |
|-------------------|--------------|--------------|
| Rapid Relief Team | 200          | 100          |
| Footprints        | 2,100        | 2,100        |
|                   | <u>2,300</u> | <u>2,200</u> |

**13. Negligence Insurance**

The Charity hold Trustee Indemnity Insurance and paid a premium of £329 during the year which provides cover of up to £250,000.

**Canaan Trust**  
**(A Company Limited by Guarantee)**

Notes forming part of the Financial Statements for the Year Ended 31 March 2020 (Continued)

**14. Debtors**

|                               | 2020          | 2019          |
|-------------------------------|---------------|---------------|
|                               | £             | £             |
| Trade Debtors                 | 6,424         | 6,616         |
| Other Debtors and Prepayments | 5,844         | 5,200         |
|                               | <u>12,268</u> | <u>11,816</u> |

**15. Creditors: Amounts falling due in one year**

|                              | 2020          | 2019         |
|------------------------------|---------------|--------------|
|                              | £             | £            |
| Trade Creditors              | 2,926         | 2,852        |
| Taxation and Social Security | 3,116         | 3,059        |
| Other Creditors and Accruals | 4,402         | 3,792        |
|                              | <u>10,444</u> | <u>9,703</u> |

Previously the Bank held security for the loan in the form of first and only legal charge over Jordan House, 14 Main Street, and a charge over all unfixed plant, machinery and other assets and equipment at the property.

**16. Analysis of Net Assets between funds**

|                             | General Fund   | Restricted Fund | Total Funds 2020 | Total 2019     |
|-----------------------------|----------------|-----------------|------------------|----------------|
|                             | £              | £               | £                | £              |
| Tangible Fixed Assets       | 515,401        | -               | 515,401          | 502,588        |
| Current Assets              | 205,047        | 17,404          | 222,451          | 210,287        |
| Current Liabilities         | (10,444)       | -               | (10,444)         | (9,703)        |
| Net Assets at 31 March 2020 | <u>710,004</u> | <u>17,404</u>   | <u>727,408</u>   | <u>703,172</u> |

**17. Movements in Funds**

|                           | At 1 April 2019 | Incoming Resources | Outgoing Resources | Transfers | At 31 March 2020 |
|---------------------------|-----------------|--------------------|--------------------|-----------|------------------|
|                           | £               | £                  | £                  | £         | £                |
| <b>Restricted funds</b>   | 3,000           | 32,144             | 17,740             | -         | 17,404           |
| <b>Unrestricted funds</b> | <u>700,172</u>  | <u>293,276</u>     | <u>283,444</u>     | <u>-</u>  | <u>710,004</u>   |
| <b>General Fund</b>       | <u>703,172</u>  | <u>325,420</u>     | <u>301,184</u>     | <u>-</u>  | <u>727,408</u>   |

**Purpose of Restricted Funds**

An amount of £3,000.00 was brought forward and additionally in the year another £6,000 was given by The Puddle Trust to pay for an Alcohol Professional Advisors and other resident expenses; a balance of £5,076 is carried forward at the year end date. In the year the CPD Trust gave £9,144 for IT and technical equipment; a balance of £1,625 is carried forward at the year end date. In the year the Roy Theobald Trust gave £17,000 for decorating and maintenance and a balance of £10,703 is carried forward at the year end date.

**18. Donated Assets**

Donation of perishable food from Birds Bakery, Greggs, Tesco, M and S and Nando's, with additional food items from Addo Foods, Samworth Brothers, British and Continental Food Brokers and Giving World, and Chetwynd Army Barracks for the use of the Charity's residents and other charitable institutions – the value is not quantified.

Different churches in Long Eaton hold Harvest Festivals and from those events donations of food are made for the residents of the Charity – these are also shared with the food bank project and other homeless individuals in the locality.