

Company No. 4238548

Charity No. 1096639

**QUOTHQUAN HOMES
(Limited by Guarantee)**

**FINANCIAL STATEMENTS
31 December 2016**

www.quotquanhomes.org.uk

Independent Examiner: Peter Saltiel
Church & Charity Accounts Service

QUOTHQUAN HOMES
(Limited by Guarantee)

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QUOTHQUAN HOMES
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COMPANY INFORMATION

Trustees: A L Gilmour (until 22nd December 2016)
J A Gilmour
E J Robinson (appointed 8th February 2017)
S J Robinson (appointed 8th February 2017)

Secretary: S J Robinson

Staff: P J Gilmour * (Housing Manager)

Registered Office: Dale Farm
Worcester Lane
Sutton Coldfield
West Midlands
B75 5PR

Bankers: HSBC Bank Plc
67 The Parade
Sutton Coldfield
West Midlands
B72 1PU

Independent Examiner: Peter Saltiel
Church & Charity Accounts Service
Planchadeau
23460 Saint-Pierre-Bellevue
France

Registered Charity Number: 1096639 (England & Wales)

Company Number: 4238548 (England & Wales)

** employed and remunerated by Harvest Fields Homes*

QUOTHQUAN HOMES (Limited by Guarantee)

Report of the Trustees

The trustees present their report and the financial statements for the year ended 31st December 2016.

Object, Activities and Public Benefit

The principal Object of the Charity as set out in the Memorandum of Association may be summarised as to advance the Christian faith and, as an expression of Christian witness love and concern, to provide accommodation and associated amenities, services, advice or assistance.

The trustees have taken account of the Charity Commission's general guidance relating to public benefit when reviewing the Charity's achievements and performance.

To date the Charity has only met housing need. To this end the Charity owns and manages Rented Social Housing not required under the Section 106 Agreement with the City of Birmingham on the housing development at Harvest Fields in Sutton Coldfield.

At the year end the Charity purchased an apartment (which it had rented out since 2013) from Quothquan Trust, which is a connected charity by reason of having common trustees. At the year end, the Charity was renting out twenty properties to those who, before they moved to Harvest Fields, were considered to be in housing need.

Achievements, Performance and Public Benefit

The trustees consider that the Object has been achieved satisfactorily during the year by providing good quality, affordable accommodation for their tenants. The provision of a home from Quothquan Homes has dramatically improved the quality of life for most tenants' families; many of whom came from sub-standard or inappropriate sized properties. In many instances it has also released a property back into the rented housing market.

They consider that this has satisfied the public benefit test.

Financial Review

The results of the Charity for the year ended 31st December 2016 are set out in the financial statements.

The trustees are pleased to report that in 2016 it had sufficient funds to make its usual annual designation to its maintenance fund and sinking fund.

The undesignated reserves carried forward are £104,103 after the transfer to the other funds which is considered satisfactory. However, the uninvested portion of these is only £2,991 (the free reserves). It was always the expectation of the trustees that, having paid interest and other costs, there would be very few free reserves for many years.

Given the financial support available from the Quothquan Trust and the existing designated reserves for maintenance and sinking funds, this Charity can operate successfully with only small non-designated reserves.

The trustees actively monitor risks and seek to minimise and/or eliminate them where possible and practicable.

Trustees

Trustees are appointed by the members who are the trustees. Details of transactions with connected charities and related parties are set out in note 11.

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Report of the Trustees

Trustees (continued)

Janet Gilmour held office as a trustee throughout the year and to the date of this report. Sadly, Archie Gilmour, who served as a trustee since the Charity's creation, died on the 22nd December 2016 following a very short illness.

Ed & Susan Robinson had been shadowing the trustees throughout 2016 with the view that they would become trustees in the future. Janet Gilmour therefore appointed Ed & Susan Robinson as trustees following Archie's death.

Responsibilities of the Trustees

The trustees are responsible for preparing the trustees' report and the financial statements in accordance with applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year. Under that law the trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Charity and of the surplus or deficit of the Charity for that period. In preparing these financial statements, the trustees are required to:-

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

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

In preparing this report, the trustees have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006 and Section 1A of the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1st January 2015).

Audit Exemption

The Charity is exempt from the requirements to have its financial statements audited but, as its income is above £25,000, it does have them independently examined.

Approved by the trustees on 13th September 2017 and signed by their order.



**S J Robinson
Secretary**

INDEPENDENT EXAMINER'S REPORT TO THE MEMBERS OF QUOTHQUAN HOMES FOR THE YEAR ENDED 31ST DECEMBER 2016

I report on the financial statements of the charity for the year ended 31 December 2016, which are set out on pages 5 to 9.

Respective responsibilities of trustees and examiner

The trustees (who are treated as the directors of the charity for the purposes of company law) are responsible for the preparation of the financial statements. The trustees consider that an audit is not required for this year under section 144(2) of the Charities Act 2011 (the 2011 Act) and that an independent examination is needed.

Having satisfied myself that the charity is not subject to audit under company law and is eligible for independent examination, it is my responsibility to:

- examine the financial statements under section 145 of the 2011 Act;
- follow the procedures laid down in the general directions given by the Charity Commission under section 145(5)(b) of the 2011 Act; and
- state whether particular matters have come to my attention.

This report, including my statement, has been prepared for and only for the charity's members (who at this time are the same as the trustees) as a body. My work has been undertaken so that I might state to the charity's members those matters I am required to state to them in an independent examiner's report and for no other purpose. To the fullest extent permitted by law, I do not accept or assume responsibility to anyone other than the charity and the charity's members as a body for my examination work, for this report, or for the statements I have made.

Basis of independent examiner's report

My examination was carried out in accordance with the general directions given by the Charity Commission. An examination includes a review of the accounting records kept by the charity and a comparison of the financial statements presented with those records. It also includes consideration of any unusual items or disclosures in the financial statements and seeking explanations from the trustees concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit, and consequently no opinion is given as to whether the financial statements present a 'true and fair view' and the report is limited to those matters set out in the statement below.

Independent examiner's statement

In connection with my examination, no matter has come to my attention:

- which gives me reasonable cause to believe that in any material respect the requirements:
 - to keep accounting records in accordance with section 386 of the Companies Act 2006; and
 - to prepare financial statements which accord with the accounting records and comply with the accounting requirements of section 396 of the Companies Act 2006 and with the methods and principles of the Statement of Recommended Practice: Accounting and Reporting by Charities have not been met; or
- to which, in my opinion, attention should be drawn in order to enable a proper understanding of the financial statements to be reached.

Peter Saltiel
Church & Charity Accounts Service
Planchadeau
23460 Saint-Pierre-Bellevue
France



13th September 2017

QUOTHQUAN HOMES
(Limited by Guarantee)

Statement of Financial Activities and
Summary Income and Expenditure Account

Year Ended 31st December 2016

	Notes	Designated Funds	Other Unrestricted Funds	Total Unrestricted Funds 2016 £	Total Unrestricted Funds 2015 £
Income:					
Charitable activities: Rent receivable	2	-	122,025	122,025	121,251
Expenditure:					
Charitable activities	11	-	(65,119)	(65,119)	(73,565)
Net Income for the year		-	56,906	56,906	47,686
Transfers:					
To maintenance fund	1 & 9	22,732	(22,732)	-	-
To sinking fund	1 & 9	7,768	(7,768)	-	-
Net movement in funds		30,500	26,406	56,906	47,686
Total funds brought forward		335,619	77,697	413,316	365,630
Total funds carried forward		366,119	104,103	470,222	413,316

QUOTHQUAN HOMES
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Balance Sheet
At 31st December 2016

	Notes	2016 £	2015 £
Fixed Assets			
Tangible assets	6	<u>1,913,751</u>	<u>1,830,968</u>
Current Assets			
Debtors	7	927	591
Cash at bank		<u>8,019</u>	<u>12,297</u>
		<u>8,946</u>	<u>12,888</u>
Creditors: Amounts falling due within one year	8	<u>(5,955)</u>	<u>(10,398)</u>
Net Current Assets		<u>2,991</u>	<u>2,490</u>
Total Assets less Current Liabilities		<u>1,916,742</u>	<u>1,833,458</u>
Creditors: Amounts falling due after more than one year	11	<u>(1,446,520)</u>	<u>(1,420,142)</u>
Net Assets		<u><u>470,222</u></u>	<u><u>413,316</u></u>
Funds			
Designated – Maintenance Fund	1 & 9	273,173	250,441
Designated – Sinking Fund	1 & 9	92,946	85,178
Designated – Repairs Fund	1 & 9	-	-
Total designated funds		<u>366,119</u>	<u>335,619</u>
Other unrestricted funds	9	<u>104,103</u>	<u>77,697</u>
Total unrestricted funds		<u><u>470,222</u></u>	<u><u>413,316</u></u>

The trustees consider that the Charity is entitled to exemption from the requirement to have an audit under the provisions of section 477 of the Companies Act 2006 ("the Act") and members have not required the charity to obtain an audit for the year in question in accordance with section 476 of the Act. The trustees acknowledge their responsibilities for ensuring that the Charity keeps accounting records which comply with section 386 of the Act and for preparing financial statements which give a true and fair view of the state of affairs of the Charity as at 31 December 2016 and of its income and expenditure for the year then ended in accordance with the requirements of sections 394 and 395 of the Act and which otherwise comply with the requirements of the Act relating to the financial statements as so far as applicable to the Charity.

The financial statements have been prepared in accordance with the provisions applicable to small companies within Part 15 of the Companies Act 2006 and in accordance with Section 1A of the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1st January 2015).

Approved by the trustees on 13th September 2017 and signed on their behalf.



S J Robinson – Trustee

Company No. 4238548

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Notes to the Financial Statements

Year Ended 31st December 2016

1. Accounting Policies

Basis of accounting

These financial statements are prepared under the historical cost convention and in accordance with the Statement of Recommended Practice for Charities (SORP (FRS 102)), the Companies Act 2006 and applicable accounting standards, including Financial Reporting Standard (FRS) 102. Transition to FRS 102 took place on 1st January 2016. There were no material adjustments as a result of this transition.

Fixed Assets

Purchased fixed assets are capitalised at the price paid (plus fees etc) even if the open market value could be or was higher at the time of acquisition.

Depreciation

Depreciation is calculated to write off from the date of first occupation the cost of buildings at 2% per annum straight line and carpets and furniture etc at 12½% per annum straight line.

Maintenance Fund

This is a designated part of unrestricted funds and is provided based upon the expected costs for cyclical maintenance for each house size by the number of months occupied.

Sinking Fund

This is another designated part of unrestricted funds and is provided based upon the expected long term replacement costs for each house size by the number of months occupied.

Judgements and Estimations

The trustees have not made any significant judgements in the process of applying the accounting policies and there are no areas of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities.

2. Income

The income and result for the year are attributed to the principal activity as set out in the report of the trustees. The whole of the income is derived from the UK.

3. Expenditure on charitable activities

	2016 £	2015 £
Within expenditure there is charged:		
Interest payable	26,377	25,861
Depreciation of tangible assets	21,474	20,195
Other property expenses	10,970	21,213
Independent examiner's fee	485	483
	<u> </u>	<u> </u>

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Notes to the Financial Statements

Year Ended 31st December 2016

4. Trustees

Neither of the trustees has received any remuneration from the Charity for services rendered nor been reimbursed any expenses. Details of transactions with connected charities and related parties are set out in note 11 below.

5. Taxation

The company is a registered charity and, as all its income will be applied for charitable purposes, no liability to tax arises in respect of the year ended 31st December 2016.

6. Tangible Fixed Assets

	Freehold property £	Furniture, carpets etc £	Total £
Cost			
At 31 st December 2015	2,024,263	27,075	2,051,338
Additions in the year	104,257	-	104,257
At 31st December 2016	2,128,520	27,075	2,155,595
Depreciation			
At 31st December 2015	198,228	22,142	220,370
Charge for the year	20,626	848	21,474
At 31st December 2016	218,854	22,990	241,844
Net Book Value			
At 31st December 2016	1,909,666	4,085	1,913,751
At 31st December 2015	1,826,035	4,933	1,830,968

7. Debtors

	2016 £	2015 £
Rental Debtors	625	300
Prepayments	302	291
	927	591

8. Creditors

	2016 £	2015 £
Creditors falling due within twelve months	5,955	10,398

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Notes to the Financial Statements

Year Ended 31st December 2016

9. Utilisation of Funds	Maintenance Fund £	Sinking Fund £	Other Unrestricted £	Total Funds £
Opening balance	250,441	85,178	77,697	413,316
Net incoming resources before transfers	-	-	56,906	56,906
Transfers	22,732	7,768	(30,500)	-
	<u>273,173</u>	<u>92,946</u>	<u>104,103</u>	<u>470,222</u>
Closing balances	<u>273,173</u>	<u>92,946</u>	<u>104,103</u>	<u>470,222</u>
Represented by:				
Tangible fixed assets	1,735,693	92,946	101,112	1,929,751
Net current assets	-	-	2,991	2,991
Long term loans	(1,462,520)	-	-	(1,462,520)
	<u>273,173</u>	<u>92,946</u>	<u>104,103</u>	<u>470,222</u>

10. Share Capital

The Charity is limited by guarantee and has no share capital. Each member of the Charity has undertaken to contribute a sum, not exceeding £1, if it is wound up whilst that person is a member or within one year after ceasing to be a member.

11. Connected Charities and Related Party Transactions

In 2016 this Charity purchased from Quothquan Trust, which is connected by virtue of common trustees, one new apartment based upon a professional valuation as Rented Social Housing of £104,000 (which is considerably below the open market value) plus legal costs.

Quothquan Trust loaned this Charity all the funds to acquire this apartment and three in the previous years at 3.7%pa (considered a commercial rate of interest for that purpose). This is in addition to its existing loan used to purchase houses in previous years (interest at 7%pa). Accordingly it loaned a maximum of £1,446,520 (2015 £1,420,142) in the year and at the year-end £1,446,520 (2015 £1,420,142) was outstanding. It charged interest of £26,377 (2014 £25,861).

There is also a contingent liability of up to £1,418,841 (2015 £1,256,990) to pay additional interest to it that is only payable out of any surplus on disposal of the properties.

Harvest Fields Homes also provided this Charity with the services of its part-time Housing Manager for which it charged this Charity £1,300 (2015: £1,300).

The Second Quothquan Charitable Trust, which is another charity connected in the same way, provided this Charity with book-keeping and administration services for which it charged £4,500 (2015: £4,500).