

Company Registration Number - 04929060

Charity Registration Number - 1106143

The Hearth Centre (Horsley) Ltd

Report and Accounts

31 December 2017

The Hearth Centre (Horsley) Ltd

Report and Accounts for the year ended 31 December 2017

Contents

	Page
Trustees' Annual Report	1 - 8
Statement of Directors'and Trustees' Responsibilities	9 - 10
Independent Examiner's Report	11 - 12
<i>Funds Statements:-</i>	
Statement of Financial Activities	13
Statement of Financial Activities - Prior Year statement	14
Revenue Funds	15
Fixed asset funds	15
Summary of funds	15
Income and Expenditure Account	16
Balance Sheet	17
Notes to the Accounts	18 - 26

The Hearth Centre (Horsley) Ltd
Company Registration Number - 04929060
Trustees' Annual Report for the year ended 31 December 2017

The Trustees present their Report and Accounts for the year ended 31 December 2017, which also comprises the Directors' Report required by the Companies Act 2006.

Reference and administrative details

The charity name

The legal name of the charity is:- The Hearth Centre (Horsley) Ltd

The charity is also known as The Hearth

The charity's areas of operation and UK charitable registration

The charity is registered in England and Wales with the Charity Commission for England and Wales (CCEW) with charity number 1106143.

Legal structure of the charity

The charity is constituted as a company limited by guarantee, registered under the Companies Acts . The governing document of the charity is the Memorandum and Articles of Association establishing the company under company legislation.

The governing document is dated: 10 October 2003

There are no restrictions in the governing documents on the operation of the Charity or on its investment powers other than those imposed by Charity Law.

By operation of law all, trustees are directors under the Companies Act 2006 and all directors are trustees under Charities legislation and have responsibilities, as such, under both company and charity legislation.

The Trustees are all individuals.

The principal operating address, telephone number, email and web addresses of the charity are:-

The Hearth, Main Road, Horsley, Northumberland, NE15 0NT
Telephone 01661 852545 Email address office@thehearth.co.uk Web address www.thehearth.co.uk

The registered office of the charity for Companies Act purposes is the same as the operating address shown above.

The Trustees in office during the year and on the date the report was approved were:-

Dr James Hall (Chair)
Martin Bell (Treasurer – joined 11 December 2017)
Jane Gibson (Secretary – joined 10 April 2017)
Tony Glover
Ailsa Golding
Pamela Hornor
Rev Peter Moth (retired 6 September 2017)
Naomi Kinghorn
Peter Short (Treasurer – retired 6 September 2017)

The Hearth Centre (Horsley) Ltd
Company Registration Number - 04929060
Trustees' Annual Report for the year ended 31 December 2017

The Trustees who served as a trustee in the reporting period, and, if applicable, their dates of appointment or resignation during the year were as shown above.

At the Annual General Meeting Pam Hornor retires as trustee by rotation, but is eligible for reappointment.

Peter Moth and Peter Short retired at the last AGM.

Martin Bell and Jane Gibson were appointed by the Trustees in the year and so retire and are eligible for re-appointment.

All the Trustees are also members of the charity.

Objects and activities of the charity

The purposes of the charity as set out in its governing document

The Hearth was set up as a project of Horsley Village Church and has the following objectives as revised and adopted 19 July 2004: -

1 To advance the Christian religion.

2 To promote the benefit of the inhabitants of Horsley Village and surrounding areas, young persons, without distinction of sexual orientation, race, political, religious or other opinion by associating together the said inhabitants and the local authorities, voluntary and other organisations in a common effort to advance education and to promote facilities in the interests of social welfare for recreation and other leisure-time occupations with the object of improving the conditions of life for the said inhabitants.

The charity is managed by the Trustees who take due regard to the Charity Commissioners' guidance on public benefit and ensure that the charity meets its objectives and provides public benefits through regular free events, the provision of low rent studios and display space for creative artists, and a commercially run café open to the public. The building complex is Grade II listed and is open to the public seven days a week. There is also a meeting hall available at modest charge to the local community for holding workshops, exhibitions, performances, talks, mother and toddler groups, keep fit and other activities. Some of these activities are run by the charity itself, others by individuals and local organisations.

The Hearth operates as a hub for arts, music, heritage and hospitality, working together with Horsley Village Church for the benefit of the community. Visitors can participate in a wide range of creative activities for adults and children. New art work is always on display by resident artists and studios are open to the public.

The charity directly organises a broad programme of performing arts, a heritage programme of talks and engagement with Heritage Open Days, and encouragement for local organisations to meet and use the facilities on offer. The Hearth organises a regular series of concerts which attract a loyal following and are eagerly looked forward to. The concert series help promote and support the local, national and international professional musicians, who appreciate both the intimate venue and enthusiastic audiences.

The Hearth Centre (Horsley) Ltd
Company Registration Number - 04929060
Trustees' Annual Report for the year ended 31 December 2017

The main activities undertaken in relation to those purposes during the year

The main objectives for the year were to maintain existing fundraising activities and seek grants for core costs; to develop and deliver plans for enhancements to the visitor experience and to introduce more radical fundraising methods. Long term, our strategy remains to increase capacity for community activity, retail space and interactive creative areas.

The main activities undertaken during the year to further the charity's purpose for the public benefit

Events

- * Winter and Spring Art Fairs (April and November).
- * Nine concert evenings including a benefit concert in December.
- * Eight History and Heritage talks with an extra History and Heritage talk in May 'An Evening with Capability Brown'.
- * 1,241 hours booked for courses, parties, clubs and local groups. (1,063 hours in 2016).
- * Regular hirers deliver a diverse range of classes including those aimed at young families, babies and toddlers; adult health, well-being and fitness; creative writing workshops and regular faith group meetings. New hirer Northumberland College ran new classes.
- * The Hearth's resident artists and guest artists ran frequent and popular workshops and courses, in art, craft, design and mixed media.
- * The series of successful one-day 'Unison Pastels' drawing days continued.
- * The Northumbrian Basketry group held a three-day event to celebrate their 10th Anniversary.
- * Artists' fairs are further enhanced through music and other activities in the church.

People

- * The café continued to develop its popular success, including opening on concert evenings and attracting more groups of cyclists.
- * The Trustees held another strategic development planning day at Jesmond URC in February.
- * Trustees continued their review of Hearth policies and procedures.
- * A new caretaker and cleaner, Robert Marshall, was appointed in November as Ali Church moved on to another position. Louise Khazaei kindly covered caretaking duties during the interim period.
- * Trustees conducted their annual review of tenants' rents and service charges and left both unchanged.
- * Ellie Langley left the attic studio in May and Jina Gelder, an illustrator, joined.
- * Jane Gibson joined the Trustees in April and was welcomed to the post of trustee secretary.
- * Trustees Peter Short and Peter Moth retired following the AGM in September, having reached the end of their terms of office, and were thanked for their trusteeship at the AGM. Peter Short kindly agreed to oversee the 2017 accounts until the year end.
- * Martin Bell joined the trustees in December and was welcomed to the post of trustee treasurer.
- * Both trustees joining in 2017 bring a wealth of professional, charitable and arts experience to the Hearth.
- * Maurice Holliday continues to be a valuable volunteer contributing to all areas of the Hearth.
- * Alan Holmes, retired fire officer, generously agreed to assist with fire safety, inspections and reports.
- * Christine Holmes continued to attend trustee meetings as the church committee representative.
- * Trustees reviewed their volunteer policy with a view to recruiting and training more volunteers, without whose dedicated support the Hearth would not be able to operate.

The Hearth Centre (Horsley) Ltd
Company Registration Number - 04929060
Trustees' Annual Report for the year ended 31 December 2017

Public benefit

- * Free access to view artists' studios throughout the year.
- * Free access to artists' spring and winter events.
- * The Hearth Café continued to grow its reputation and popularity as an established meeting point for both the local area and for visitors from and to the North East region.
- * Whilst modest charges are made for music evenings and history talks these events provide considerable public benefit.
- * A defibrillator was installed at the rear of the manse in June with support from the British Heart Foundation and Horsley Parish Council. A well-attended training evening was held in September, led by the North East Ambulance Service.
- * A film commissioned by the trustees to promote and celebrate the Hearth was screened at the AGM in September. The film, created by Gabriel Langley, a high school student, has subsequently been running on a screen in the rear entrance lobby to the manse
- * Trustees installed an induction loop in the hall.

Footfall

- * There was a total of 9,927 visitors to The Hearth in 2017, a monthly average of 827 (excluding The Hearth Café, run as a separate business). (Total 9,667 visitors in in 2016, monthly average of 806).

Buildings and environment

- * We regularly make repairs and improvements to the fabric of our Grade II listed buildings in order to make The Hearth and its environment safer, more effective and more energy efficient. Trustees also discussed ways to increase capacity for community activity, retail space and interactive creative areas, in line with our strategic objectives.
- * Both contractors and volunteers are essential to the maintenance and good repair of buildings and grounds, and we are very grateful to them for their efforts and diligence.
- * Repairs and improvements were carried out in the café kitchen during the Christmas and new year closure period.
- * Secondary glazing was fitted to the hall and office (vestry) early in the year.
- * The manse was redecorated during the Christmas and new-year holiday period.
- * The steps from the car park to the courtyard and rear entrance to the hall, office and manse were reworked to make them safer for users.
- * A further investment was made in LED lighting.

The trustees have had regard to the Charity Commission's guidance on public benefit in managing the activities of the charity.

The contribution of volunteers during the year

Volunteer support continues to prove crucial to the provision of consistent and high-quality activities. The Trustees dedicate many hours of front line support and operate key roles in relation to fund-raising, grant applications, music nights, liaison with tenants, history and heritage talks, gardening and buildings, and support for artists' events.

There are ten regular volunteers and an increasing pool of occasional volunteers from Horsley Village Church, residents, tenants, former Trustees and friends and family of the Trustees. Trustees are reviewing the volunteer recruitment and management policy to help consolidate and sustain the vital role volunteers play.

The Hearth Centre (Horsley) Ltd
Company Registration Number - 04929060
Trustees' Annual Report for the year ended 31 December 2017

Fundraising activities during the year

The Board of Trustees are sincerely grateful to the following list of organisations who kindly made awards of grant funding to the Hearth in 2017, plus to those making generous donations. Without such support we would be unable to continue to offer the broad range of activities available at the Hearth.

Horsley Parish Council	£600
Lycetts	£250
CN Group	£300
Waitrose Ponteland	£264
Gentoo Housing	£200
SCA Prudhoe	£200
Community Foundation	£1,056
Northumbrian Water	£100
Barbour Foundation	£250
Hedley Foundation	£500
Story Homes	£800
The Joicey Trust	£2,500

The concert programme and the history and heritage talks also contribute to the fund-raising activities.

Structure, governance and management of the charity

The methods used to recruit and appoint new charity trustees

Potential new trustees are identified by the Trustees, interviewed and if suitable are co-opted for the current year and offered for re-appointment by members at the following Annual General Meeting. We advertise and promote trustee vacancies at events such as Artists' Winter and Spring Fairs.

The policies and procedures for the induction and training of trustees

New applicants have an informal meeting with a serving trustee. This meeting outlines the formation of the charity, how The Hearth is structured, the Trustee Board and how it operates plus a tour of the site. The applicant is provided with Charity Commission guides on the role of trustees, the latest accounts and a copy of the latest Trustees' Annual Report.

The applicant is then allowed a period of reflection to consider their ability to commit to participate as a Trustee and how their background adds value to The Hearth.

If the applicant is still keen to participate, they join a Trustee Meeting. At the meeting they introduce themselves providing their background and how they feel they add value to The Hearth. Other trustees have the opportunity to ask questions and view the applicant's performance.

Once the Board of Trustees is comfortable with the applicant, and the applicant is keen to continue, they are invited to all forthcoming trustee meetings and co-opted to the board. The new trustee completes a statement of eligibility and their details are logged with the Charities Commission and Companies House. They are formally re-elected by vote at the following Annual General Meeting.

The Hearth Centre (Horsley) Ltd
Company Registration Number - 04929060
Trustees' Annual Report for the year ended 31 December 2017

The charity's organisational structure and how decisions are made

The charity is governed by a Board of Trustees, Trustees have specific roles, namely Chair, Secretary and Treasurer as well as Grant-seeking lead, Building and Energy lead, Performing Art lead and so on. The scope and quality of Board Governance has further developed in 2017 as we continue to adhere to stricter procedural disciplines and develop strategic planning. The board is accountable to the members of The Hearth Centre (Horsley) Limited in general meeting. Noting dwindling membership in 2015, the Trustees acted to invite new members to join in 2016 and at the end of 2017 there were 21 members.

Policy, operational and organisational decisions are made collectively by the Board of Trustees and minuted in the records of the Trustees monthly meetings. The Hearth's tenants, employees, volunteers, visitors, and Horsley Village Church members are consulted as and when appropriate.

The day to day administration of the charity is delegated by the charity Trustees:-

- * An administrator is employed two days a week
- * A caretaker is employed to support hall hire and agreed cleaning and maintenance timetable

The charity as a part of a wider network

The Hearth maintains direct links with Horsley Village Church and the Northern Synod of the United Reformed Church. Informal links continue with other arts and cultural organisations within the region and Community Action Northumberland, a network of small charities and village halls in the county.

Resident artists have professional links with major arts initiatives, such as Northern Print, North East Art Collective and Network Artists in Northumberland.

The charity's relationships with related parties

The charity maintains a close working relationship with Horsley Village Church and a member of the church committee regularly attends the Board of Trustee meetings.

Bankers	Co-operative Bank, Delf House, South Way, Skelmersdale, WN8 6WT
Solicitors	Ward Hadaway, Sandgate House, 102 Quayside, Newcastle upon Tyne NE1 3DX

The Hearth Centre (Horsley) Ltd
Company Registration Number - 04929060
Trustees' Annual Report for the year ended 31 December 2017

Financial review

The charity's financial position at the end of the year ended 31 December 2017

The financial position of the charity at 31 December 2017 and comparatives for the prior period, as more fully detailed in the accounts, can be summarised as follows:-

	2017	2016
	£	£
Net income	<u>7,575</u>	<u>3,767</u>
Unrestricted Revenue Funds available for the general purposes of the charity	(18,065)	(20,399)
Designated Fixed Asset Funds	<u>11,427</u>	<u>6,186</u>
Total Unrestricted Funds	<u>(6,638)</u>	<u>(14,213)</u>
Total Funds	<u>(6,638)</u>	<u>(14,213)</u>

Financial review of the position at the reporting date, 31 December 2017

As stated in the introduction to this report, the Trustees consider the financial performance by the charity during the year to have been satisfactory.

Policies on reserves

The Hearth has steady income with restricted opportunities to increase it and no financial investments. The current reserving policy is to build a balance of c£5000 as a contingency. There is no separate reserve account. The board is working toward the elimination of the deficit on Revenue Accumulated Funds by creating net incoming resource operations and by transfers from Fixed Assets Funds as per policies noted in the financial statements.

Availability and adequacy of assets of each of the funds

The Board of Trustees is satisfied that the charity's assets in each fund are available and adequate to fulfil its obligations in respect of each fund.

Investment policy and investment objectives

- * We use a bank with ethical policies
- * We encourage the café tenants to source local products when possible
- * The café uses Fair Trade products
- * Ethical considerations will prevail if surplus funds become available for investment

The Hearth Centre (Horsley) Ltd
Company Registration Number - 04929060
Trustees' Annual Report for the year ended 31 December 2017

The major risks to which the charity is exposed and reviews and systems to mitigate them

The Trustees have an increased awareness of the risk according to the Charity Commission guidance. The minimum statutory risk assessments have been maintained and reviewed by professionals. An increased awareness of governance risks has been achieved and a Trustee allocated to be responsible for this area. This has resulted in a plan to audit all risk assessment, policies and procedures established in 2012 in order to priorities any actions needed. The Charity Commission guide "Charities and Risk Management" formed the framework of the audit, appropriate changes were made and risks have been reviewed on a continuing basis. For example, The Hearth's Safeguarding Policy was reviewed and updated in line with the Charity Commissioner's revised guidelines in 2014. We have a trained First Aider and Fire Officer. The Trustees believe that appropriate insurance cover is in place for employer's liability, public liability, products liability, professional liability (Trustee Indemnity), events, building and contents.

Appropriate licences have been obtained for performing arts.

Principal funding sources in the year and how these support the key objectives of the charity

The principal funding source for the charity continues to be the rental income from the studios, café, and the hall. This is supplemented by income from open weekends, performing arts and heritage programmes.

Plans for the future

Summary of plans for the future and the trustees' perspective of the future direction of the charity

Short, medium and long-term strategy is being pursued:

- * Short term - maintain existing fundraising activity and seek grants for core costs.
- * Medium term - develop and deliver plans for enhancement to the visitor experience and introduce more radical fundraising methods.
- * Longer term - delivering ability to increase capacity for activity, retail space and interactive creative areas.

Funds held as custodian trustees on behalf of others

No funds are held as custodian trustees with the exception of tenants' deposits which are held in a separate bank account to the general bank account.

Details of the Independent Examiner

Michael Ratki FCA DChA
Fellow of The Institute of Chartered Accountants in England and Wales
Pinder & Ratki
7 Lansdowne Terrace, Gosforth
Newcastle upon Tyne
NE3 1HN

The Hearth Centre (Horsley) Ltd
Company Registration Number - 04929060
Trustees' Annual Report for the year ended 31 December 2017

Statement of Directors' and Trustees' Responsibilities

The charity's trustees are responsible for the preparation of the accounts in accordance with the terms of the Companies Act 2006, the Charities Act 2011 and the Charities (Accounts and Reports) Regulations 2008. Notwithstanding the explicit requirement in the extant statutory regulations, the Charities (Accounts and Reports) Regulations 2008, to prepare the financial statements in accordance with the SORP 2005, in view of the fact that the SORP 2005 has been withdrawn, the Trustees determined to interpret this responsibility as requiring them to follow current best practice and prepare the accounts according to the FRS 102 SORP (Statement of Recommended Practice for Accounting and Reporting by Charities) 2015, (as amended by the Bulletin issued in February 2016), (The SORP).

In particular, the Companies Act 2006 and charity law require the Board of Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity as at the end of the financial year and of the surplus or deficit of the charity. In preparing those financial statements the Board is required to :-

- to prepare the accounts in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).
- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business;
- state whether applicable accounting standards and statements of recommended practice have been followed, subject to any material departures disclosed and explained in the financial statements.

The law requires that the Trustees must not approve the accounts 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 the year.

The Trustees are also responsible for maintaining adequate accounting records which disclose with reasonable accuracy at any time the financial position of the charity and which are sufficient to show and explain the charity's transactions and enable them to ensure that the financial statements comply with the Companies Act 2006 and comply with regulations made under the Charities Act. 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.

The Trustees are also responsible for the contents of the Trustees' Report, and the statutory responsibility of the Independent Examiner in relation to the Trustees' Report is limited to examining the report and ensuring that, on the face of the report, there are no material inconsistencies with the figures disclosed in the financial statements.

The Hearth Centre (Horsley) Ltd
Company Registration Number - 04929060
Trustees' Annual Report for the year ended 31 December 2017

Method of preparation of accounts - Small company provisions

The financial statements are set out on pages 13 to 26.

The financial statements have been prepared implementing the FRS 102 SORP (Statement of Recommended Practice for Accounting and Reporting by Charities) 2015, (as amended by the Bulletin issued in February 2016), (The SORP), and in accordance with the Financial Reporting Standard 102, (effective 1st January 2016)

These financial statements have been prepared in accordance with the provisions in Part 15 of the Companies Act 2006 applicable to companies subject to the small companies regime.

This report was approved by the board of trustees on 11 June 2018.

Dr J Hall
Director and Trustee

The Hearth Centre (Horsley) Ltd

Report of the Independent Examiner to the Trustees of the charitable company on the accounts for the year ended 31 December 2017

I report to the Trustees on my examination of the financial statements of the charitable company on pages 13 to 26 for the year ended 31 December 2017 which have been prepared in accordance with the Charities Act 2011 (the Act) and with the Financial Reporting Standard 102, (effective 1st January 2016) as modified by FRS 102 SORP (Statement of Recommended Practice for Accounting and Reporting by Charities) 2015, (as amended by the Bulletin issued in February 2016), (The SORP), published by the Charity Commission for England and Wales (CCEW) and under the historical cost convention and the accounting policies set out on page 18.

Respective responsibilities of the Trustees and the Independent Examiner and the basis of the report

As described on page 9 - 10, you, the charitable company's Trustees, who are also the Directors of the company for the purposes of company law, are responsible for the preparation of the financial statements in accordance with the Companies Act 2006, the Charities Act 2011 and all other applicable law and with United Kingdom Generally Accepted Accounting Practice, applicable to smaller entities, and for being satisfied that the financial statements give a true and fair view.

The Trustees consider that the audit requirement of Section 144(1) of the Charities Act 2011 (the Act) does not apply, and that there is no requirement in the memorandum and articles of the charity for the conducting of an audit, and that the accounts do not require an audit in accordance with Part 16 of the Companies Act 2006 and that no member or members have requested an audit pursuant to Section 476 of the Companies Act 2006. As a consequence, the Trustees have elected that the financial statements be subject to independent examination.

Having satisfied myself that the financial statements are not required to be audited under any legal provision, or otherwise, and are eligible for independent examination, it is my responsibility to:-

- a) examine the financial statements of the charity under Section 145 of the Act;
- b) follow the applicable procedures in the directions given by the Charity Commission under section 145(5)(b) of the Act.

Basis of Independent Examiner's Statement and scope of work undertaken

I report in respect of my examination of the charity's financial statements carried out under s145 of the Act. In carrying out my examination, I have followed all the applicable directions given by the Charity Commission under section 145(5)(b) of the Act setting out the duties of an independent examiner in relation to the conducting of an independent examination. An independent examination includes a review of the accounting records kept by the charitable company and of the accounting systems employed by the charitable company 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 you, as Trustees, concerning such matters. The purpose of the examination is to establish as far as possible that there have been no breaches of charity legislation and that, on a test basis of evidence relevant to the amounts and disclosures made, the financial statements comply with the SORP.

The procedures undertaken do not provide all the evidence that would be required in an audit, and information supplied by the Trustees in the course of the examination is not subjected to audit tests or enquiries and does not cover all the matters that an auditor would consider in arriving at an opinion. The planning and conduct of an audit goes beyond the limited assurance that an independent examination can provide.

The Hearth Centre (Horsley) Ltd

Report of the Independent Examiner to the Trustees of the charitable company on the accounts for the year ended 31 December 2017

Consequently, I do not express an audit opinion on the view given by the financial statements, and in particular, I express no opinion as to whether the financial statements give a true and fair view of the affairs of the charity, and my report is limited to the matters set out in the statement below.

I planned and performed my examination so as to satisfy myself that the objectives of the independent examination are achieved and before finalising the report I obtained written assurances from the Trustees of all material matters.

Independent Examiner's Statement, Report and Opinion

Subject to the limitations upon the scope of my work as detailed above, I have completed my examination: and can confirm that:-

The accounts of this charitable company are not required to be audited under Part 16 of the Companies Act 2006;

This is a report in respect of an examination carried out under 145 of the Act and in accordance with directions given by the Charity Commission under section 145(5)(b) of the Act which may be applicable;

and that no material matters have come to my attention in connection with the examination giving me cause to believe that in any material respect:-

accounting records were not kept in respect of the charity as required by Section 386 of the Companies Act 2006 and Section 130 of The Charities Act 2011;

the financial statements do not accord with those records; or

the financial statements do not comply with the applicable requirements concerning the form and content of accounts set out in section 396 of the Companies Act 2006 other than any requirement that the accounts give a 'true and fair' view, which is not a matter considered as part of an independent examination;

have not been prepared in accordance with the methods and principles set out in the FRS 102 SORP (Statement of Recommended Practice for Accounting and Reporting by Charities) 2015, (as amended by the Bulletin issued in February 2016), (The SORP).

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 financial statements to be reached.

Michael Ratki FCA DChA - Independent Examiner
Fellow of The Institute of Chartered Accountants in England and Wales
Pinder & Ratki
7 Lansdowne Terrace, Gosforth
Newcastle upon Tyne
NE3 1HN

This report was signed on 11 June 2018

The Hearth Centre (Horsley) Ltd

Statement of Financial Activities for the year ended 31 December 2017

	Current year unrestricted funds 2017 £	Current year restricted funds 2017 £	Current year total funds 2017 £	Prior year total funds 2016 £
Income and endowments from:				
Donations and legacies	8,906	-	8,906	3,566
Charitable activities	43,795	-	43,795	41,280
Other trading activities	6,344	-	6,344	6,315
Investments	-	-	-	1
Other income	1,553	-	1,553	1,552
Total income	<u>60,598</u>	<u>-</u>	<u>60,598</u>	<u>52,714</u>
Expenditure on:				
Charitable activities	53,023	-	53,023	48,947
Total expenditure	<u>53,023</u>	<u>-</u>	<u>53,023</u>	<u>48,947</u>
Net income for the year	<u>7,575</u>	<u>-</u>	<u>7,575</u>	<u>3,767</u>
Net movement in funds	<u>7,575</u>	<u>-</u>	<u>7,575</u>	<u>3,767</u>
Reconciliation of funds:-				
Total funds brought forward	(14,213)	-	(14,213)	(17,980)
Total funds carried forward	<u>(6,638)</u>	<u>-</u>	<u>(6,638)</u>	<u>(14,213)</u>

A separate Statement of Total Recognised Gains and Losses is not required as this statement includes all recognised gains and losses.

All activities derive from continuing operations.

Resources applied in the year ended 31 December 2017 towards fixed assets for charity use:-

	2017 £	2016 £
Funds generated in the year as detailed in the SOFA	7,575	3,767
Resources applied on functional fixed assets	(8,232)	-
Net resources available to fund charitable activities	<u>(657)</u>	<u>3,767</u>

The resources applied on fixed assets for charity use represents the cost of additions less proceeds of any disposals.

The notes attached on pages 18 to 26 form an integral part of these accounts

The Hearth Centre (Horsley) Ltd

Analysis of prior year total funds as required by paragraph 4.2 of the SORP

	Prior year unrestricted funds 2016 £	Prior year restricted funds 2016 £	Prior year total funds 2016 £
Income from:			
Donations and legacies	3,066	500	3,566
Charitable activities	41,280	-	41,280
Other trading activities	6,315	-	6,315
Investments	1	-	1
Other income	1,552	-	1,552
Total income	<u>52,214</u>	<u>500</u>	<u>52,714</u>
Expenditure on:			
Charitable activities	48,447	500	48,947
Total expenditure	<u>48,447</u>	<u>500</u>	<u>48,947</u>
Net income for the year	3,767	-	3,767
Net movement in funds	<u>3,767</u>	<u>-</u>	<u>3,767</u>
Reconciliation of funds:-			
Total funds brought forward	(17,980)	-	(17,980)
Total funds carried forward	<u>(14,213)</u>	<u>-</u>	<u>(14,213)</u>

All activities derive from continuing operations.

The notes attached on pages 18 to 26 form an integral part of these accounts

The Hearth Centre (Horsley) Ltd

Movements in revenue and capital funds for the year ended 31 December 2017

Revenue accumulated funds

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Last year total funds 2016 £
Accumulated funds brought forward	(20,399)	-	(20,399)	(24,841)
Recognised gains and losses before transfers	7,575	-	7,575	3,767
	(12,824)	-	(12,824)	(21,074)
(From)/To unrestricted revenue funds	(5,241)	-	(5,241)	675
Closing revenue funds	(18,065)	-	(18,065)	(20,399)

Fixed asset funds

	Designated funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Last year total funds 2016 £
At 1 January 2017	6,186	-	6,186	6,861
Transfer (to)/from revenue funds	5,241	-	5,241	(675)
At 31 December 2017	11,427	-	11,427	6,186

The purposes of the transfers to fixed asset funds are described in Note 20 to the accounts and under the accounting policy 'Accounting for capital grants and fixed asset funds'.

Summary of funds

	Unrestricted and designated funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Last year total funds 2016 £
Revenue accumulated funds	(18,065)	-	(18,065)	(20,399)
Fixed asset funds	11,427	-	11,427	6,186
Total funds	(6,638)	-	(6,638)	(14,213)

The notes attached on pages 18 to 26 form an integral part of these accounts

The Hearth Centre (Horsley) Ltd

Income and Expenditure Account for the year ended 31 December 2017 as required by the Companies Act 2006

	2017 £	2016 £
Income		
Income from operations	59,045	51,161
Investment income		
Interest receivable	-	1
Other operating income	1,553	1,552
Gross income in the year	<u>60,598</u>	<u>52,714</u>
Expenditure		
Charitable expenditure, excluding depreciation and amortisation	48,387	46,416
Depreciation and amortisation	2,565	675
Governance costs	2,071	1,856
Total expenditure in the year	<u>53,023</u>	<u>48,947</u>
Net income in the financial year	7,575	3,767
Transfer of capital grants to fixed asset fund	(5,241)	-
Retained surplus for the financial year	<u>2,334</u>	<u>3,767</u>

All activities derive from continuing operations

In accordance with the provisions of the Companies Act 2006, the headings and subheadings used in the Income and Expenditure Account have been adapted to reflect the special nature of the charity's activities.

The notes attached on pages 18 to 26 form an integral part of these accounts

The Hearth Centre (Horsley) Ltd

Balance Sheet as at 31 December 2017

	Note	2017 £	2016 £
Fixed assets			
Tangible assets	9	7,697	2,030
Current assets			
Debtors	10	6,107	4,162
Cash at bank and in hand		12,848	12,720
		<u>18,955</u>	<u>16,882</u>
Creditors: amounts falling due within one year	11	<u>(5,765)</u>	<u>(5,600)</u>
Net current assets		13,190	11,282
Total assets less current liabilities		<u>20,887</u>	<u>13,312</u>
Creditors: amounts falling due after more than one year	12	(27,525)	(27,525)
Total net liabilities of the charity		<u>(6,638)</u>	<u>(14,213)</u>
Total net liabilities of the charity are funded by the funds of the charity, as follows:-			
Unrestricted funds			
Unrestricted Revenue Funds	17	(18,065)	(20,399)
Designated funds			
Designated Fixed Asset Funds	17	11,427	6,186
Total charity funds		<u>(6,638)</u>	<u>(14,213)</u>

The directors are satisfied that the company is entitled to exemption from the requirement to obtain an audit under section 477 of the Companies Act 2006

The members have not required the company to obtain an audit in accordance with section 476 of the Act.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of accounts.

The charity is subject to Independent Examination under charity legislation, and the report of the Independent Examiner is on pages 11 - 12.

The financial statements have been prepared in accordance with the provisions in Part 15 of the Companies Act 2006 applicable to companies subject to the small companies regime.

Dr J Hall

Trustee

Approved by the Board of Trustees on 11 June 2018

The notes attached on pages 18 to 26 form an integral part of these accounts

The Hearth Centre (Horsley) Ltd

Notes to the Accounts for the year ended 31 December 2017

1 Accounting policies

Policies relating to the production of the accounts

Basis of preparation and accounting convention

The accounts have been prepared on the accruals basis, under the historical cost convention, and in accordance with the Financial Reporting Standard 102, (effective 1st January 2016) and 'FRS 102 SORP (Statement of Recommended Practice for Accounting and Reporting by Charities) 2015, (as amended by the Bulletin issued in February 2016), (The SORP), published by the Charity Commission for England and Wales (CCEW) effective January 2016, and in accordance with all applicable law in the charity's jurisdiction of registration, except that the charity has prepared the financial statements in accordance with the FRS 102 SORP (Statement of Recommended Practice for Accounting and Reporting by Charities) 2015, (as amended by the Bulletin issued in February 2016), (The SORP), in preference to the previous SORP, the SORP 2005, which has been withdrawn, notwithstanding the fact that the extant statutory regulations, the Charities (Accounts and Reports) Regulations 2008 refer explicitly to the SORP 2005. This has been done to accord with current best practice.

Going concern

The charity is dependent on the continuing support of Horsley Village Church who have provided funding of £27,525 and as a consequence the going concern basis is also dependent on the continuing support of Horsley Village Church. Other than these matters, the Trustees are not aware of any material uncertainties about the charity's ability to continue as a going concern.

Risks and future assumptions

The charity is a public benefit entity.

Policies relating to categories of income and income recognition

Nature of income

Gross income represents the value, net of discounts, of goods provided to customers and work carried out in respect of services provided to customers.

Categories of Income

Income is categorised as income from exchange transactions (contract income) and income from non-exchange transactions (gifts), investment income and other income.

Income from exchange transactions is received by the charity for goods or services supplied under contract or where entitlement is subject to fulfilling performance related conditions. The income the charity receives is approximately equal in value to the goods or services supplied by the charity to the purchaser.

Income from a non-exchange transaction is where the charity receives value from the donor without providing equal value in exchange, and includes donations of money, goods and services freely given without giving equal value in exchange.

Income recognition

Income, whether from exchange or non exchange transactions, is recognised in the statement of financial activities (SOFA) on a receivable basis, when a transaction or other event results in an increase in the charity's assets or a reduction in its liabilities and only when the charity has legal entitlement, the income is probable and can be measured reliably.

Income subject to terms and conditions which must be met before the charity is entitled to the resources is not recognised until the conditions have been met.

All income is accounted for gross, before deducting any related fees or costs.

The Hearth Centre (Horsley) Ltd

Notes to the Accounts for the year ended 31 December 2017

Accounting for deferred income and income received in advance

Where terms and conditions relating to income have not been met or uncertainty exists as to whether the charity can meet any terms or conditions otherwise within its control, income is not recognised but is deferred as a liability until it is probable that the terms or conditions imposed can be met.

Any grant that is subject to performance-related conditions received in advance of delivering the goods and services required by that condition, or is subject to unmet conditions wholly outside the control of the recipient charity, is accounted for as a liability and shown on the balance sheet as deferred income. Deferred income is released to income in the reporting period in which the performance-related or other conditions that limit recognition are met.

When income from a grant or donation has not been recognised due to the conditions applying to the gift not being wholly within the control of the recipient charity, it is disclosed as a contingent asset if receipt of the grant or donation is probable once those conditions are met.

Where time related conditions are imposed or implied by a funder, then the income is apportioned to the time periods concerned, and, where applicable, is accounted for as a liability and shown on the balance sheet as deferred income. When grants are received in advance of the expenditure on the activity funded by them, but there are no specific time related conditions, then the income is not deferred.

Any condition that allows for the recovery by the donor of any unexpended part of a grant does not prevent recognition of the income concerned, but a liability to any repayment is recognised when repayment becomes probable.

Policies relating to expenditure on goods and services provided to the charity

Recognition of liabilities and expenditure

A liability, and the related expenditure, is recognised when a legal or constructive obligation exists as a result of a past event, and when it is more likely than not that a transfer of economic benefits will be required in settlement, and when the amount of the obligation can be measured or reliably estimated.

Liabilities arising from future funding commitments and constructive obligations, including performance related grants, where the timing or the amount of the future expenditure required to settle the obligation are uncertain, give rise to a provision in the accounts, which is reviewed at the accounting year end. The provision is increased to reflect any increases in liabilities, and is decreased by the utilisation of any provision within the period, and reversed if any provision is no longer required. These movements are charged or credited to the respective funds and activities to which the provision relates.

Allocating costs to activities

Direct costs that are specifically related to an activity are allocated to that activity. Shared direct costs and support costs are apportioned between activities based on the judgement of the Trustees.

Staffing - on the basis of time spent in connection with any particular activity.

Premises related costs - on the proportion of floor area occupied by a particular activity.

Non specific support costs - on the basis of the usage of resources, in terms of time taken, capacity used, request made or other measures, in line with the best judgement of the Trustees.

Volunteers

In accordance with the SORP, and in recognition of the difficulties in placing a monetary value on the contribution from volunteers, the contribution of volunteers is not included within the income of the charity.

However, the trustees value the significant contribution made to the activities of the charity by unpaid volunteers and this is described more fully in Note 6.

The Hearth Centre (Horsley) Ltd

Notes to the Accounts for the year ended 31 December 2017

Policies relating to assets, liabilities and provisions and other matters

Tangible fixed assets

Tangible fixed assets are measured at their original cost value, or subsequent revaluation, or if donated, as described above. Cost value includes all costs expended in bringing the asset into its intended working condition. Depreciation has been provided at the following rates in order to write off the assets to their anticipated residual value over their estimated useful lives.

Plant and machinery	25 % reducing balance
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Accounting for capital grants and fixed asset funds

Gifts of tangible fixed assets or grants of a capital nature, given for the purposes of acquiring specific assets to be fully utilised in the furtherance of the objects of the charity, are credited to fixed asset funds after the donated asset has been received or sums have been properly expended on the restricted purpose.

Where the terms of the gift require the charity to hold the asset on an ongoing basis for a specific purpose, then the fixed asset fund so created is categorised as a restricted fixed asset fund, and the relevant restrictions are noted in the fixed asset note 9.

Where the terms of the gift are met once the asset is acquired, so allowing the charity to use the asset on an unrestricted basis, including the right to receive the proceeds of any future sale of the asset on an unrestricted basis, then the fixed asset fund so created is categorised as a designated fixed asset fund.

When assets are acquired for the furtherance of the charity's objects, utilising the charity's own unrestricted funds, a transfer is made from unrestricted funds to a designated fixed asset fund.

Whether acquired with unrestricted or restricted funds, the asset acquired is initially shown in the balance sheet at the full cost of acquisition or subsequent revaluation.

As the related assets are depreciated, in accordance with the depreciation policy, in order to reflect the diminution in the asset, a transfer is made from the relevant fixed asset funds to either unrestricted or restricted revenue funds, as appropriate to the terms of the original gift, if any.

Insofar as this policy relates to Government grants and to the extent that it may be a departure from the FRS 102 SORP (Statement of Recommended Practice for Accounting and Reporting by Charities) 2015, (as amended by the Bulletin issued in February 2016), (The SORP), such departure is justified on the basis that it is in order to comply with the SORP.

Debtors

Debtors are measured at their recoverable amounts at the balance sheet date.

Creditors and provisions

Liabilities are recognised on the accruals basis in accordance with normal accounting principles, modified where necessary in accordance with the guidance given in the SORP.

Leasing and hire purchase contracts and commitments

Assets held under finance leases and hire purchase contracts, which are those where substantially all the risks and rewards of ownership of the asset have passed to the charity, are capitalised in the balance sheet and depreciated over their useful lives. The corresponding lease or hire purchase obligation is treated in the balance sheet as a liability.

The interest element of the rental obligations is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

Rentals paid under operating leases are charged to income on a straight line basis over the lease term.

The Hearth Centre (Horsley) Ltd

Notes to the Accounts for the year ended 31 December 2017

Fund accounting

Unrestricted funds are available for use at the discretion of the Trustees in furtherance of the general objectives of the charity.

Designated funds are unrestricted funds earmarked by the Trustees for particular purposes.

There are no restricted funds.

2 Liability to taxation

The Trustees consider that the charity satisfies the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 for UK corporation tax purposes. Accordingly, the charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by chapter 3 part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively on the specific charitable objects of the charity and for no other purpose. Value Added Tax is not recoverable by the charity, and is therefore included in the relevant costs in the Statement of Financial Activities.

3 Winding up or dissolution of the charity

If upon winding up or dissolution of the charity there remain any assets, after the satisfaction of all debts and liabilities, the assets represented by the accumulated fund shall be transferred to some other charitable body or bodies having similar objects to the charity.

4 Significance of financial instruments to the charity's position

The Horsley Village Church provided the company with a 10 year interest free loan of £27,525 in 2004. The company received confirmation that this loan has been rolled over for a further 10 years on the same interest free terms.

5 Net surplus before tax in the financial year

	2017	2016
	£	£
The net surplus before tax in the financial year is stated after charging:-		
Depreciation of owned fixed assets	<u>2,565</u>	<u>675</u>

6 The contribution of volunteers

As disclosed within the Trustees' Report, the charity depends on the support of its volunteers, which is much appreciated. The arrangements with volunteers are difficult to value precisely in monetary terms and have not been recognised in the Statement of Financial Activities. The volunteers and the charity accept and agree that no contract of employment is created by these arrangements.

The Hearth Centre (Horsley) Ltd

Notes to the Accounts for the year ended 31 December 2017

7 Staff costs and emoluments

Salary costs	2017	2016
	£	£
Gross salaries excluding trustees and key management personnel	11,037	11,354
Total salaries, wages and related costs	<u>11,037</u>	<u>11,354</u>
Numbers of full time employees or full time equivalents	2017	2016
The average number of total staff employed in the year was	<u>2</u>	<u>2</u>
Engaged on charitable activities	1	1
Engaged on management and administration	1	1

Neither the Trustees nor any persons connected with them have received any remuneration from the charity or any related entity, either in the current or prior year.

8 Deferred income - Unrestricted and Designated funds

	Opening deferrals	Released from prior years	Received less released in year	Deferred at year end
	£	£	£	£
Sundry items under £1,000	1,150	1,150	1,300	1,300
Foyle Foundation	2,000	2,000	-	-
Total	<u>3,150</u>	<u>3,150</u>	<u>1,300</u>	<u>1,300</u>
			2017	2016
			£	£
These deferrals are included in creditors			<u>1,300</u>	<u>3,150</u>

The deferrals included in creditors relate to funding specified by the funders as relating to specific periods and represent those parts of unrestricted funds which relate to periods subsequent to the accounting year end and are treated as grants in advance, or, alternatively, where there are conditions which must be fulfilled prior to entitlement or use of the unrestricted funds by the charity .

The Hearth Centre (Horsley) Ltd

Notes to the Accounts for the year ended 31 December 2017

9 Tangible fixed assets

	Land and buildings	Plant & machinery	Total
	£	£	£
Cost			
At 1 January 2017	228,566	13,912	242,478
Additions	-	8,232	8,232
At 31 December 2017	228,566	22,144	250,710
Depreciation			
At 1 January 2017	228,565	11,883	240,448
Charge for the year	-	2,565	2,565
At 31 December 2017	228,565	14,448	243,013
Net book value			
At 31 December 2017	1	7,696	7,697
At 31 December 2016	1	2,029	2,030

All assets are used for direct charitable purposes.

There are no inalienable or heritage assets.

10 Debtors

	2017	2016
	£	£
Trade debtors	432	232
Prepayments and accrued income	990	690
Other debtors	4,685	3,240
	6,107	4,162

11 Creditors: amounts falling due within one year

	2017	2016
	£	£
Accruals	3,365	1,950
Deferred income - Unrestricted & Designated funds	1,300	3,150
Other creditors	1,100	500
	5,765	5,600

12 Creditors: amounts falling due after one year

	2017	2016
	£	£
Other creditors	27,525	27,525

The Hearth Centre (Horsley) Ltd

Notes to the Accounts for the year ended 31 December 2017

13 Unrestricted funds summary	2017	2016
	£	£
At 1 January 2017 as previously stated	(17,453)	(19,939)
Prior year adjustments	3,240	1,959
At 1 January 2017 as restated	<u>(14,213)</u>	<u>(17,980)</u>
Surplus for the year	7,575	3,767
At 31 December 2017	<u>(6,638)</u>	<u>(14,213)</u>

14 Post balance sheet events

It was found that there had been an over-charge of VAT by the power supplier. A claim has been made for a refund of VAT for the 4 years to 31 December 2017, and a provision of £4,590 has been made within the accounts.

The opening balances of the Unrestricted Income fund have been re-stated in Note 13 above, to amend the years to which the VAT refund relates.

15 Related party transactions

In 2005 the charity acquired fixed assets from Horsley Village Church for £186,911 and was granted a 23 year lease of premises by Horsley Village Church at an annual rent of £6,000 per annum.

16 Particulars of how particular funds are represented by assets and liabilities

At 31 December 2017	Unrestricted	Designated	Restricted	Total
	funds	funds	funds	funds
	£	£	£	£
Tangible fixed assets	(3,730)	11,427	-	7,697
Current assets	18,955	-	-	18,955
Current liabilities	(5,765)	-	-	(5,765)
Long term liabilities	(27,525)	-	-	(27,525)
	<u>(18,065)</u>	<u>11,427</u>	<u>-</u>	<u>(6,638)</u>
At 1 January 2017	Unrestricted	Designated	Restricted	Total
	funds	funds	funds	Funds
	£	£	£	£
Tangible fixed assets	(4,156)	6,186	-	2,030
Current assets	16,882	-	-	16,882
Current liabilities	(5,600)	-	-	(5,600)
Long term liabilities	(27,525)	-	-	(27,525)
	<u>(20,399)</u>	<u>6,186</u>	<u>-</u>	<u>(14,213)</u>

The Hearth Centre (Horsley) Ltd

Notes to the Accounts for the year ended 31 December 2017

17 Change in total funds over the year as shown in Note 16 , analysed by individual funds

	Funds brought forward from 2016 £	Movement in funds in 2017 See Note 18 £	Transfers between funds in 2017 See Note 19 £	Funds carried forward to 2018 £
Unrestricted and designated funds:-				
Unrestricted Revenue Funds	(20,399)	7,575	(5,241)	(18,065)
Designated Fixed Asset Funds	6,186	-	5,241	11,427
Total unrestricted and designated funds	(14,213)	7,575	-	(6,638)
Total charity funds	(14,213)	7,575	-	(6,638)

18 Analysis of movements in funds over the year as shown in Note 17

	Income 2017 £	Expenditure 2017 £	Other gains & losses 2017 £	Movement in funds 2017 £
Unrestricted and designated funds:-				
Unrestricted Revenue Funds	60,598	(53,023)	-	7,575

19 Details of transfers between funds in the year as shown in Note 17

The transfers shown in note 17 above are:-	2017 £
To/(from) Unrestricted Revenue Funds in accordance with the accounting policy 'Accounting for capital grants and fixed asset funds'.	(5,241)
To/(from) Designated Fixed Asset Funds	5,241
Net transfers	-

20 The purposes for which the funds as detailed in note 17 are held by the charity are:-

Unrestricted and designated funds:-

Unrestricted Revenue Funds	These funds are held for the meeting the objectives of the charity, and to provide reserves for future activities, and, subject to charity legislation, are free from all restrictions on their use.
Designated Fixed Asset Funds	The purpose of these funds is described under the accounting policy 'Accounting for capital grants and fixed asset funds'.

The Hearth Centre (Horsley) Ltd

Notes to the Accounts for the year ended 31 December 2017

21 Ultimate controlling party

The charity is under the control of its legal members.

Every member of the charity is obliged to contribute such amount as may be required not exceeding £10 to the assets of the company in the event of its being wound up while he or she is a member, or within one year after he or she ceases to be a member.