

Company registration number: 06251078

Charity registration number: 1121062

COQUET TRUST

(A company limited by guarantee)

Annual Report and Financial Statements

for the Year Ended 31 March 2019

Coquet Trust

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Coquet Trust

Reference and Administrative Details

Trustees P S Smith
I Gale
S Welsh
D Rowland
J Bewick
E Devine

Mrs J Bewick and Mrs S Welsh are appointed as directors and trustees, whereas the other trustees are not registered as directors at Companies House.

Key Management Personnel Alison Buddles, Trust Manager
Joan Farrell, HR Manager
Ruth Jacques, Finance Manager
Mark Veater, Operational Manager
Michelle Burrows, Operational Manager
Susan Scott, Operational Manager
Sharon Maddison, Operational Manager

The board consider the above to be the Key Management Personnel and have delegated them the day-to-day management of the charity.

Principal Office 23 Lansdowne Terrace
Gosforth
Newcastle upon Tyne
NE3 1HP

Company Registration Number 06251078

Charity Registration Number 1121062

Bankers Barclays Bank plc
Gosforth High Street
59A High Street
Gosforth
Newcastle upon Tyne
NE3 4AA

Auditor MHA Tait Walker
Chartered Accountants & Statutory Auditors
Bulman House
Regent Centre
Gosforth
Newcastle upon Tyne
NE3 3LS

Coquet Trust

Trustees' Report

The trustees, who are directors for the purposes of company law, present the annual report together with the financial statements and auditors' report of the charitable company for the year ended 31 March 2019.

Structure, governance and management

Nature of governing document

The Coquet Trust is limited by guarantee and its governing document is its Memorandum and Articles of Association. The company was incorporated on 17 March 2007 in England and Wales - number 06251078 and is also a registered charity - number 1121062.

The trustees hold no shares in the company but each member is a guarantor of the company to an amount not exceeding £1 in the event of the company winding up.

Recruitment and appointment of trustees

The Trustees seek to ensure that the users needs are reflected through the diversity of the board. To enhance the potential pool of Trustees, selected individuals who may wish to become a Trustee are approached as necessary and re-appointed annually.

Induction and training of trustees

New Trustees are actively encouraged by the existing Trustees, having regard to any specialist skills required. New Trustees are briefed on their legal obligations under company and charity law, our Memorandum and Articles of Association, the Committee and the decision making process, future plans and recent performance. They are encouraged to attend appropriate training, and made aware of Charity Commission publications.

Risk management

We have assessed (and reviewed regularly) the major risks to which we are exposed, in particular those related to our operations and finances, and are satisfied that systems are in place to mitigate our exposure. No major risks have been identified. A key element in our management of financial risk is the setting and regular review of the reserves policy.

A member of the key management personnel is assigned as the Charities safety advisor who updates the board regularly on any health and safety matters and updates on changes that would impact on the sector.

The Trustees are satisfied that the systems and procedures in place are sufficient to adequately mitigate identified risks to an acceptable level in the Charity's day-to-day operations.

The financial statements which have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities (SORP FRS102) conform to current statutory requirements and comply with the Charitable Company's governing document.

Objectives and activities

Objects and aims

Our objects continue to be to provide relief for people with Learning Disabilities resident in Northumberland, Newcastle upon Tyne, Tyne and Wear and North Tyneside. Our policies to achieve our objects continue to be the provision of assistance in obtaining suitable accommodation, together with high quality domiciliary, day and respite care services.

Coquet Trust

Trustees' Report

We refer to the Charity Commission guidance on public benefit when reviewing our aims and objectives, and ensure that future plans remain focused on their achievement.

Funding limits our activities, but no beneficiaries appropriate to our aims are excluded. Equal access to our services is important to us, and we promote local understanding of our work.

Fundraising disclosures

The charity is required to report how it deals with fundraising from the public. The charity does not use a professional fundraiser or commercial participator to raise funds. Any monies raised direct from the public follows all guidelines set out by the Charity Commission and UK law in every respect. We respect the privacy and contact preferences of all public donors.

Achievements and performance

The social care sector remains dramatically underfunded with many of the questions I highlighted last year still unanswered. The sector also still lacks serious planning for the future and it is important to note that since the start of the millennium, we have had 12 white papers, 5 independent reviews and commissions and various green papers and other consultation documents all about social care in England, yet little has changed during this period and we still await a green paper (promised in 2017) which allegedly points the way forward for social care.

The financial pressure on social care providers remains immense – spending is £700 million below what it was in 2010/11 in real terms. Yet we are told an additional £240 million will be allocated for 2019/20 together with an additional £400 million for local councils during 2019/20. Welcome as this is, reality reveals that those figures all found give an increase of 2.9% in real terms – but we need 3.7% just to stand still. Therefore, for the moment the pressure remains.

For Coquet Trust, initial difficulties during the past year were not financial but managerial. Serious long-term illness to two of our key managers – The Trust Manager and the Human Resources Manager – heaped additional demands onto the remainder of the management team and to a lesser extent on to the trustees. Yet, we coped. A combination of good team working and sheer hard work enabled us to fulfill all our management obligations without too much rancor. Particular thanks are due to the Finance Manager, The Operational Managers and the Outreach Manager in keeping us afloat during this stressful time. On the subject of management, we recruited to the trustee team Eileen Devine who augments the members to six. Eileen brings with her invaluable experience gained from her time in the probation service.

The pressures on the temporarily reduced management team means that some key tasks fell behind schedule. Work on the redesign of the staff handbook – always a major job – slowed, although at the time of writing this is now almost complete and we have struggled in our efforts at tendering. The work involving the latest data protection requirements (GDPR) also stretched our resources to the full but with grit and determination; our embattled team completed the task with aplomb.

Coquet Trust

Trustees' Report

Whilst we were forced to endure these frustrations, they were firmly offset by success in other areas. Most notably, we rolled out our new HR/rostering system, People Planner, with the backing of the managers and staff. Like all new systems, initially this was greeted with the skepticism and suspicion but following meetings, discussions and some arguments the system was rolled out and is now embedded in our culture – another very good team effort. Last year we embarked again on a staff survey, which yielded a higher return than in previous years and provided us with positive pointers for the future of the trust. (Communication being a key area for us to work on) We are certainly becoming more proficient in eliciting information from our staff.

There were further successes during the year of which we should be justly proud. Having already tested the use of tablet laptops we extended the facility across the company by purchasing more for all of the management team, which in turn enhanced our effectiveness whilst putting a smile of the faces of many who have had to cope during this stressful year. We expended a good deal of time and cost on training and we are fortunate to have the luxury of numerous rooms set aside for such purposes. During the year, these were enhanced with the purchase of new and improved facilities and these will be utilized to the full this coming year when we intend to roll out a programme of management training.

In spite of some difficulties during the year, we remain financially sound. We received food uplifts from the local authorities – bigger than the previous year – and were able to transfer a surplus to funds into our reserves and maintain compliance with Charity Commission requirements. We were also heavily involved in a merger then takeover of another care provider which for geographical reasons we ultimately decided not to pursue. Nevertheless the business experience was invaluable and we remain committed to expansion (currently we are in discussions with another provider with a view to working together)

Losses in the care sector are eye watering with 929 care homes closing in the last decade and many larger suppliers in financial difficulties – notably Allied Healthcare, Mears Homes and Four Seasons. The Losses of such organisations plus an increasing demand for care has to suggest opportunities for Coquet Trust and indeed, for other providers and we have to constantly be on the lookout to take advantage.

Financial review

The financial position for the year shows a surplus of £311,387 (2018 - £449,382).

The funds of the charitable company amount to £3,497,639 as at 31 March 2019 of which all the funds are unrestricted. The trustees consider the financial position to be satisfactory.

Coquet Trust

Trustees' Report

Policy on reserves

The calculation of free reserves is based on the definition included in the charity statement of recommended practice (SORP), which provides recommendations for accounting and reporting for charities. The trustees have examined the requirements of the charitable company to hold free reserves - those reserves not invested in tangible fixed assets, excluding long term liabilities, or designated for a particular purpose. This exercise considered both the normal requirements for working capital and the loss of income of a hypothetical but reasonable reduction in the scale of operations.

At the year end the organisation had £2,843,900 free reserves, which are those unrestricted reserves not invested in fixed assets.

The organisation's reserves policy is to achieve a year on year surplus that would enable the level of reserves to equate to 6 months operational costs. which would equate to holding approximately £2,360,000 in free reserves.

The trustees have prepared a budget and cashflow forecast and have concluded that the charity continues to be a going concern for the foreseeable future. On that basis they have continued to adopt the going concern basis when preparing the financial statements.

Key Management Personnel

The board, who give their time freely and no trustees received remuneration in the year, have considered who the Key Management Personnel (KMP) of the charity, as noted in the Reference and Administration section. Together with the board, these KMP are those in charge of directing and controlling, running and operating the activities of the charity on a day to day basis.

The pay of the KMP is reviewed annually and normally increased in accordance with average earnings. The trustees benchmark against pay levels of other charities and similar organisations within the sector and the region. Pay levels are set using this information together with the budget and forecast information, ensuring that the charity can afford any proposed increases. The board then agree any uplift to remuneration.

Coquet Trust

Trustees' Report

Plans for future periods

Aims and key objectives for future periods

However, our immediate priorities for the coming year are the completion of a business restructure which we hope will make us more effective and efficient and will provide some career opportunities for staff. Our other major challenge is the recruitment and retention of staff. The social care sector has a staff turnover of 28% and that is increasing. It is a low pay sector, not enough people apply for vacancies and terms and conditions are perceived as poor. 84% of care workers are women, the average age of care workers is 43 years and a fifth of care workers are over 55 – plus one quarter of the country's social care workforce (approx. 330,000 jobs) are on zero hour contracts. These facts plus the, as yet unknown, impact of Brexit make recruitment our biggest ongoing headache.

We will continue to utilise the benefits of People Planner wherever possible to ensure that we plan work in the most efficient way. We are also striving to reduce stationery costs and archive storage even further by uploading as much information into the system as possible.

We will be launching our company values which we will embed within every part of the organisation. The aim of this is to ensure every employee can recall the values and apply them to each and every part of their work ensuring that a high standard is maintained.

Coquet Trust has to date proved that it can come up with new ideas, can be receptive to new methods of working and can be incredibly adaptable. We must maintain and improve on this culture for continued success.

Statement of Trustees' Responsibilities

The trustees (who are also the directors of Coquet Trust for the purposes of company law) are responsible for preparing the trustees' report and the financial statements in accordance with the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year. 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 charitable company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company 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 charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Coquet Trust

Trustees' Report

Disclosure of information to auditor

Each trustee has taken steps that they ought to have taken as a trustee in order to make themselves aware of any relevant audit information and to establish that the charity's auditor is aware of that information. The trustees confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

Reappointment of auditor

A resolution to reappoint MHA Tait Walker as auditors will be proposed at the forthcoming Annual General Meeting.

The annual report was approved by the trustees of the charity on 29.10.19 and signed on its behalf by:


.....
S Welsh
Trustee


.....
D Rowland
Trustee

Coquet Trust

Independent Auditor's Report to the Members of Coquet Trust

Opinion

We have audited the financial statements of Coquet Trust (the 'charity') for the year ended 31 March 2019, which comprise the Statement of Financial Activities, Balance Sheet, Statement of Cash Flows, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is United Kingdom Accounting Standards, comprising Charities SORP - FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and applicable law (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 March 2019 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Coquet Trust

Independent Auditor's Report to the Members of Coquet Trust

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the Statement of Trustees' Responsibilities [set out on page 6], the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Coquet Trust

Independent Auditor's Report to the Members of Coquet Trust

Use of our report

This report is made solely to the charitable company's trustees, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Simon Brown BA ACA DChA (Senior Statutory Auditor)
For and on behalf of MHA Tait Walker
Chartered Accountants
Statutory Auditor
Bulman House
Regent Centre
Gosforth
Newcastle upon Tyne
NE3 3LS

Date: 14.11.19.....

MHA Tait Walker is a trading name of Tait Walker LLP.

Coquet Trust

Statement of Financial Activities for the Year Ended 31 March 2019 (Including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Note	Unrestricted funds £	Total 2019 £	Total 2018 £
Income and Endowments from:				
Charitable activities	3	5,468,986	5,468,986	5,273,641
Other trading activities	4	15,046	15,046	8,487
Investment income	5	5,244	5,244	1,471
Total Income		<u>5,489,276</u>	<u>5,489,276</u>	<u>5,283,599</u>
Expenditure on:				
Charitable activities	6	<u>(5,177,889)</u>	<u>(5,177,889)</u>	<u>(4,834,217)</u>
Total Expenditure		<u>(5,177,889)</u>	<u>(5,177,889)</u>	<u>(4,834,217)</u>
Net income		<u>311,387</u>	<u>311,387</u>	<u>449,382</u>
Net movement in funds		311,387	311,387	449,382
Reconciliation of funds				
Total funds brought forward		<u>3,186,252</u>	<u>3,186,252</u>	<u>2,736,870</u>
Total funds carried forward	18	<u><u>3,497,639</u></u>	<u><u>3,497,639</u></u>	<u><u>3,186,252</u></u>

Coquet Trust

Statement of Financial Activities for the Year Ended 31 March 2019 (Including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

Comparative Statement of Financial Activities

	Note	Unrestricted funds £	Total 2018 £
Income and Endowments from:			
Charitable activities	3	5,273,641	5,273,641
Other trading activities	4	8,487	8,487
Investment income	5	<u>1,471</u>	<u>1,471</u>
Total income		<u>5,283,599</u>	<u>5,283,599</u>
Expenditure on:			
Charitable activities	6	<u>(4,834,217)</u>	<u>(4,834,217)</u>
Total expenditure		<u>(4,834,217)</u>	<u>(4,834,217)</u>
Net income		<u>449,382</u>	<u>449,382</u>
Net movement in funds		449,382	449,382
Reconciliation of funds			
Total funds brought forward		<u>2,736,870</u>	<u>2,736,870</u>
Total funds carried forward	18	<u>3,186,252</u>	<u>3,186,252</u>

All of the charity's activities derive from continuing operations during the above two periods.

Coquet Trust

(Registration number: 06251078)
Balance Sheet as at 31 March 2019

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	13	593,739	609,506
Current assets			
Debtors	14	445,817	597,822
Cash at bank and in hand		<u>2,868,342</u>	<u>2,266,640</u>
		3,314,159	2,864,462
Creditors: Amounts falling due within one year	15	<u>(410,259)</u>	<u>(287,716)</u>
Net current assets		<u>2,903,900</u>	<u>2,576,746</u>
Net assets		<u>3,497,639</u>	<u>3,186,252</u>
Funds of the charity:			
Unrestricted income funds			
Unrestricted funds		<u>3,497,639</u>	<u>3,186,252</u>
Total funds	18	<u>3,497,639</u>	<u>3,186,252</u>

The financial statements on pages 11 to 25 were approved by the trustees, and authorised for issue on 29.10.19 and signed on their behalf by:


.....
S Welsh
Trustee


.....
D Rowland
Trustee

Coquet Trust

Statement of Cash Flows for the Year Ended 31 March 2019

	Note	2019 £	2018 £
Cash flows from operating activities			
Net cash income		311,387	449,382
Adjustments to cash flows from non-cash items			
Depreciation		24,263	22,058
Investment income	5	<u>(5,244)</u>	<u>(1,471)</u>
		330,406	469,969
Working capital adjustments			
Decrease/(increase) in debtors	14	152,005	(22,132)
Increase in creditors	15	<u>122,543</u>	<u>25,187</u>
Net cash flows from operating activities		<u>604,954</u>	<u>473,024</u>
Cash flows from investing activities			
Interest receivable and similar income	5	5,244	1,471
Purchase of tangible fixed assets	13	<u>(8,496)</u>	<u>(29,585)</u>
Net cash flows from investing activities		<u>(3,252)</u>	<u>(28,114)</u>
Net increase in cash and cash equivalents		601,702	444,910
Cash and cash equivalents at 1 April		<u>2,266,640</u>	<u>1,821,730</u>
Cash and cash equivalents at 31 March		<u><u>2,868,342</u></u>	<u><u>2,266,640</u></u>

All of the cash flows are derived from continuing operations during the above two periods.

Coquet Trust

Notes to the Financial Statements for the Year Ended 31 March 2019

1 Charity status

The charity is limited by guarantee, incorporated in England, and consequently does not have share capital. Each of the trustees is liable to contribute an amount not exceeding £1 towards the assets of the charity in the event of liquidation.

The address of its registered office is: 23 Lansdowne Terrace, Gosforth, Newcastle upon Tyne, NE3 1HP

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

The financial statements have been prepared in accordance with 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 (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102). They also comply with the Companies Act 2006 and Charities Act 2011.

Basis of preparation

Coquet Trust meets the definition of a public benefit entity under FRS 102. The financial statements have been prepared on the historical cost basis. The financial statements are prepared in sterling, which is the functional currency of the entity.

Going concern

The trustees have prepared budgets and forecasts which give them adequate comfort that the charity is a going concern. Therefore the trustees are of the view that the charity has sufficient resources for at least the next 12 months (from the date of approving the financial statements). As a result the charity's financial statements have been prepared on the going concern basis.

Estimation uncertainty and judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Accruals

Accruals are calculated where a service has been provided but the company has not yet been invoiced.

Prepayments

Prepayments are calculated where an invoice has been provided in advance of the service taking place.

Coquet Trust

Notes to the Financial Statements for the Year Ended 31 March 2019

2 Accounting policies (continued)

Income and endowments

All income is included in the statement of financial activities when the charity is entitled to the income, any performance related conditions attached have been met or are fully within the control of the charity, the income is considered probable and the amount can be quantified with reasonable accuracy.

Donations and legacies

Donations and legacy income is received by way of donations and legacies is included in full in the Statement of Financial Activities when receivable.

Where legacies have been notified to the charity before the year end and received prior to the board approval after the year end, the income is recognised in the Statement of Financial Activities.

Grants 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. Grants, where entitlement is related to performance and specific deliverables, are recognised when the charity earns the right to consideration by its performance.

Investment income

Investment income is included when receivable.

Charitable activities

Income from charitable trading activity is accounted for when earned.

Expenditure

Expenditure is recognised on an accruals 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.

Charitable activities

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.

Support costs

Support costs have been differentiated between governance costs and other support costs. Governance costs comprise all costs involving the public accountability of the charity and its compliance with regulation and good practice. These costs include costs related to the statutory audit and other costs with an apportionment of overhead and support costs.

Governance costs

Governance costs and support costs relating to charitable activities have been apportioned as set out in the Support Costs note.

Coquet Trust

Notes to the Financial Statements for the Year Ended 31 March 2019

2 Accounting policies (continued)

Taxation

The charity is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company 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 to charitable purposes.

Tangible fixed assets

All fixed assets are initially recorded at cost. The carrying values of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Depreciation and amortisation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset.

Asset class

Land and buildings

Office equipment

Depreciation method and rate

2% straight line

25% straight line / 25% reducing balance

Trade debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

Cash and cash equivalents

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

Trade 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 provision are normally recognised at their settlement amount after allowing for any trade discounts due.

Fund structure

Unrestricted income funds are general funds that are available for use at the trustees's discretion in furtherance of the objectives of the charity.

Unrestricted funds include designated funds, where the trustees, at their discretion, have created a fund for a specific purpose.

Restricted income funds are those donated for use in a particular area or for specific purposes, the use of which is restricted to that area or purpose.

Hire purchase and finance leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Rentals payable under operating leases are charged in the Statement of Financial Activities on a straight line basis over the lease term.

Coquet Trust

Notes to the Financial Statements for the Year Ended 31 March 2019

2 Accounting policies (continued)

Pensions and other post retirement obligations

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised as an expense in the period in which it arises.

Financial instruments

Classification

Financial assets and financial liabilities are recognised when the charity becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the charity after deducting all of its liabilities.

3 Income from charitable activities

	Unrestricted funds		
	General	Total	Total
	£	2019	2018
		£	£
Client funding	5,458,263	5,458,263	5,261,875
Rental management charges	10,723	10,723	11,766
	<u>5,468,986</u>	<u>5,468,986</u>	<u>5,273,641</u>

Client funding are amounts invoiced by the charity to local authorities and private individuals for the provision of care services.

4 Income from other trading activities

	Unrestricted funds		
	General	Total	Total
	£	2019	2018
		£	£
Other income from other trading activities	15,046	15,046	8,487

Miscellaneous income relates to room hire income received and other sundry income.

Coquet Trust

Notes to the Financial Statements for the Year Ended 31 March 2019

5 Investment income

	Unrestricted funds	Total 2019	Total 2018
	General £	£	£
Interest receivable on bank deposits	<u>5,244</u>	<u>5,244</u>	<u>1,471</u>

6 Expenditure on charitable activities

	Unrestricted funds			
	General £	Total 2019 £	Total 2018 £	
Charitable activities	4,794,065	4,794,065	4,513,691	
Support costs	<u>383,824</u>	<u>383,824</u>	<u>320,526</u>	
	<u>5,177,889</u>	<u>5,177,889</u>	<u>4,834,217</u>	
	Activity undertaken directly £	Activity support costs £	Total 2019 £	Total 2018 £
Charitable activities	4,794,065	372,173	5,166,238	4,822,871
Governance costs	<u>-</u>	<u>11,651</u>	<u>11,651</u>	<u>11,346</u>
	<u>4,794,065</u>	<u>383,824</u>	<u>5,177,889</u>	<u>4,834,217</u>

Coquet Trust

Notes to the Financial Statements for the Year Ended 31 March 2019

7 Analysis of governance and support costs

Support costs allocated to charitable activities

	Governance costs £	Support costs £	Total 2019 £	Total 2018 £
Staff costs	-	173,112	173,112	142,257
Premises	-	3,328	3,328	3,233
Communications and IT	-	3,479	3,479	2,930
General office	-	82,648	82,648	52,790
Heat and light	-	12,512	12,512	8,777
Repairs and maintenance	-	6,645	6,645	15,828
Insurance	-	15,568	15,568	15,706
Legal and other professional fees	-	50,619	50,619	45,600
Accountancy fees	5,701	-	5,701	5,276
Audit fees	5,650	-	5,650	5,650
Bank charges	300	-	300	420
Depreciation	-	24,262	24,262	22,059
	<u>11,651</u>	<u>372,173</u>	<u>383,824</u>	<u>320,526</u>

8 Net incoming/outgoing resources

Net incoming resources for the year include:

	2019 £	2018 £
Audit fees	5,650	5,650
Other non-audit services	5,701	5,276
Depreciation of fixed assets	<u>24,263</u>	<u>22,058</u>

9 Trustees remuneration and expenses

During the year the charity made the following transactions with trustees:

£877 (2018: £377) of expenses were reimbursed to during the year.

An honoraria payment was made to Mr David Rowland, trustee, in respect of work undertaken by him on a number of exceptional points in the year amounting to £900 (2018: £900).

Coquet Trust

Notes to the Financial Statements for the Year Ended 31 March 2019

10 Staff costs

The aggregate payroll costs were as follows:

	2019 £	2018 £
Staff costs during the year were:		
Wages and salaries	4,366,005	4,081,216
Social security costs	357,621	310,766
Pension costs	106,226	71,939
	<u>4,829,852</u>	<u>4,463,921</u>

The monthly average number of persons (including senior management team) employed by the charity during the year was as follows:

	2019 No	2018 No
Number of care staff	232	229
Number of administrative staff	5	5
Number of management staff	9	7
	<u>246</u>	<u>241</u>

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

The total employee benefits of the key management personnel of the charity were £285,137 (2018 - £271,535).

11 Auditors' remuneration

	2019 £	2018 £
Audit of the financial statements	<u>5,650</u>	<u>5,650</u>
Other fees to auditors		
All other non-audit services	<u>5,701</u>	<u>5,276</u>

12 Taxation

The charity is a registered charity and is therefore exempt from taxation.

Coquet Trust

Notes to the Financial Statements for the Year Ended 31 March 2019

13 Tangible fixed assets

	Land and buildings £	Furniture and equipment £	Total £
Cost			
At 1 April 2018	715,236	120,755	835,991
Additions	-	8,496	8,496
At 31 March 2019	<u>715,236</u>	<u>129,251</u>	<u>844,487</u>
Depreciation			
At 1 April 2018	135,020	91,465	226,485
Charge for the year	14,305	9,958	24,263
At 31 March 2019	<u>149,325</u>	<u>101,423</u>	<u>250,748</u>
Net book value			
At 31 March 2019	<u>565,911</u>	<u>27,828</u>	<u>593,739</u>
At 31 March 2018	<u>580,216</u>	<u>29,290</u>	<u>609,506</u>

14 Debtors

	2019 £	2018 £
Trade debtors	247,910	411,025
Prepayments	5,571	7,927
Accrued income	174,295	168,475
Other debtors	18,041	10,395
	<u>445,817</u>	<u>597,822</u>

15 Creditors: amounts falling due within one year

	2019 £	2018 £
Trade creditors	48,932	28,508
Other taxation and social security	106,734	90,270
Other creditors	169,303	156,278
Accruals	85,290	12,660
	<u>410,259</u>	<u>287,716</u>

Coquet Trust

Notes to the Financial Statements for the Year Ended 31 March 2019

16 Obligations under leases and hire purchase contracts

Operating lease commitments

Total future minimum lease payments under non-cancellable operating leases are as follows:

	2019 £	2018 £
Other		
Within one year	4,072	4,072
Between one and five years	<u>6,557</u>	<u>10,629</u>
	<u><u>10,629</u></u>	<u><u>14,701</u></u>

17 Pension and other schemes

Defined contribution pension scheme

The charity operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the charity to the scheme and amounted to £106,226 (2018 - £71,939)

Contributions to the scheme totalling £20,115 (2018 - £11,967) were payable to the scheme at the end of the year and are included in creditors.

Coquet Trust

Notes to the Financial Statements for the Year Ended 31 March 2019

18 Funds

	Balance at 1 April 2018 £	Incoming resources £	Resources expended £	Transfers £	Balance at 31 March 2019 £
Unrestricted funds					
<i>General</i>					
General	3,186,252	5,489,276	(5,177,889)	(60,000)	3,437,639
<i>Designated</i>					
Fixed asset purchase fund	-	-	-	60,000	60,000
Total funds	<u>3,186,252</u>	<u>5,489,276</u>	<u>(5,177,889)</u>	<u>-</u>	<u>3,497,639</u>

£60,000 (2018 - £Nil) of funds are designated for the purchase of new furniture and additional IT equipment.

	Balance at 1 April 2017 £	Incoming resources £	Resources expended £	Balance at 31 March 2018 £
Unrestricted funds				
<i>General</i>				
General	<u>2,736,870</u>	<u>5,283,599</u>	<u>(4,834,217)</u>	<u>3,186,252</u>

Coquet Trust

Notes to the Financial Statements for the Year Ended 31 March 2019

19 Analysis of net assets between funds

	Unrestricted funds		Total funds £
	General £	Designated £	
Tangible fixed assets	593,739	-	593,739
Current assets	3,254,159	60,000	3,314,159
Current liabilities	(410,259)	-	(410,259)
Total net assets	<u>3,437,639</u>	<u>60,000</u>	<u>3,497,639</u>

	Unrestricted funds		Total funds at 31 March 2018 £
	General £	Designated £	
Tangible fixed assets	609,506	-	609,506
Net current assets/(liabilities)	<u>2,576,746</u>	<u>-</u>	<u>2,576,746</u>
Total net assets	<u>3,186,252</u>	<u>-</u>	<u>3,186,252</u>

20 Analysis of net funds

	At 1 April 2018 £	Cash flow £	At 31 March 2019 £
Cash at bank and in hand	2,266,640	601,702	2,868,342
Net debt	<u>2,266,640</u>	<u>601,702</u>	<u>2,868,342</u>

	At 1 April 2017 £	Cash flow £	At 31 March 2018 £
Cash at bank and in hand	1,821,730	444,910	2,266,640
Net debt	<u>1,821,730</u>	<u>444,910</u>	<u>2,266,640</u>