

Company registration number: 3920430

Charity registration number: 1081148

Parchment Trust

(A company limited by guarantee)

Annual Report and Financial Statements

for the Year Ended 31 July 2021

Manningtons
Statutory Auditor
39 High Street
Battle
East Sussex
TN33 0EE

Parchment Trust

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Parchment Trust

Reference and Administrative Details

Trustees	S J Geater J A Hassell D M Walker K T Walker N M Siddall-Ward A D Phillips
Secretary	J A Hassell
Principal Office	Ore Place Farm The Ridge Hastings East Sussex TN34 2RA
Registered Office	Ore Place Farm The Ridge Hastings East Sussex TN34 2RA The charity is incorporated in England and Wales.
Company Registration Number	3920430
Charity Registration Number	1081148
Solicitors	Lawson Lewis Blakers 11 Hyde Gardens Eastbourne BN21 4PP
Bankers	National Westminster Bank plc Havelock Road Hastings East Sussex TN34 1BE
Auditor	Manningtons Statutory Auditor 39 High Street Battle East Sussex TN33 0EE

Parchment 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 July 2021.

Objectives and activities

Objects and aims

Objects

The objects of the charity are:

- the relief of persons with physical, mental and learning disabilities by the provision of occupational and day care activities, and all other activities that are conducive to the attainment of this object.
- to promote social inclusion for the public benefit by preventing people becoming socially excluded, minimising the effects of disability and impairments, which include isolation, poverty and disadvantage in the workplace, relieving the needs of those people who are socially excluded and assisting them to integrate into society by:
 - i) the provision of services directly to eligible individuals, either residential, in the community or through supported employment training programmes.
 - ii) improving opportunities to the local community, of which the above mentioned individuals are part, by creating employment opportunities, recreational facilities and community centres and supported businesses which benefit the whole community social structure.

Our Values are: that everyone should be equal in freedom, dignity and rights and we value and respect everyone equally. We put people at the centre of everything we do because we believe that everyone has the right to happiness, wellbeing and self-esteem.

Our Current Purpose is: to enrich the lives of people with disabilities so that they can take as full a place in society as possible. We do this by offering an environment where they are loved, respected and valued, where they can have fun, build relationships and engage in activities that add meaning and purpose to their lives.

Aims and activities:

Parchment is a Christian charity providing individually tailored, person-centred services to people with a wide range of disabilities. These are delivered through 3 services, with crossover between them as appropriate to individual needs:

- the Co-operative for 19-plus school leavers with learning disabilities;
- the Friary Gardeners horticultural scheme for people with a variety of disabilities;
- the Dedicated and Bespoke services to those with profound and multiple disabilities.

We seek to uphold Christian principles in every area and the Trustees and Management aim to act with honesty, integrity and openness at all times. We do not exclusively employ Christians and those employees who are not Christians are not discriminated against in any way. We do however ask all employees to be prepared to work within our Christian principles.

Parchment Trust

Trustees' Report

Public benefit

The trustees have given full consideration to the Charity Commission guidance on public benefit and are confident that their core activities fully meet this requirement.

The trustees confirm that they have complied with the requirements of section 17 of the Charities Act 2011 to have due regard to the public benefit guidance published by the Charity Commission for England and Wales.

Achievements and performance

We remain the largest independent sector provider of day services to our client group in East Sussex.

With the continued impact of Covid-19, we took radical measures in order to ensure the safety of service users and staff. The risks to both of these groups were carefully assessed on an ongoing basis, balancing the clear danger of contracting Covid-19 against the threat to mental and physical wellbeing posed by the lockdown. Throughout the period covered by this report, we were able to provide a significant level of service, with our priority being those service users, parents and carers most at risk from absence of service. We were able to maintain regular contact with every service user, whether by telephone, remotely via zoom, or through face-to-face contact.

The commitment, flexibility and creativity shown by the staff group in adapting to alternative ways of providing service is hugely to their credit and we want to take this opportunity to express our sincere thanks to them all.

We continue to place increased emphasis on preparing our most independent service users for paid employment, through our “Learn to Earn” scheme. This is in line with government policy to significantly reduce the gap between people with a disability in work and those with none. More importantly, we believe this leads to desired outcomes for our service users. Our first dedicated Job Coach has now been in post since August 2020. This has been a successful appointment and we are seeking funding to appoint two more Job Coaches.

Financial review

Prior to the first national lockdown, turnover had increased slightly as a result of an increase in numbers of commissioned services.

Our continued careful and active financial management has resulted in the maintenance of our healthy financial position, despite the demands of the Covid-19 measures. Average monthly turnover fell slightly from a 2019/20 figure of £181,961 to a 2020/21 figure of £171,814. This was overwhelmingly due to the impact of the Covid19 pandemic. Reserves remained relatively constant.

Our financial position has been helped by support from the East Sussex Adult Social Care Day-service Resilience Funding, which bridged the gap between actual invoicing and previous average levels of income. This support, together with the government’s Job Retention Scheme and our careful financial management, has meant we have made no staff redundant and were able to pay all staff full salary throughout the year. Both these financial support schemes have now ended.

Parchment Trust

Trustees' Report

Policy on reserves

The board continues to have in mind the need to maintain sufficient liquid reserves to ensure the smooth operation of the company and for some years has pursued the objective of reaching and maintaining liquidity of 6 weeks operational turnover. We are pleased to report that this has again been achieved. Reserves at 23rd December 2021 were £498,061. This compares to the figure of £390,612 at the same time last year.

The trustees' reserves policy requires a minimum of six months' running costs to be retained at any one time. At the year end date free reserves amounted to £655,827 (2020 - £646,675) which the trustees consider to be satisfactory.

Investment policy and objectives

Trustees have discussed the value of the premises at Ore Place Farm and whether it is too high in the accounts now the residential order has been lifted. They took the decision to leave at historical cost.

Plans for future periods

Aims and key objectives for future periods

Whilst our satisfactory financial position is welcome, we remain concerned at the outlook with Local Authority and NHS budgets under increasing financial pressure and we continue to take a cautious view of the immediate future. We are actively looking at ways to control costs and to generate alternative income streams whilst ensuring that we in no way dilute the excellence of the services provided. The Coronavirus pandemic continues to generate significant uncertainty and reinforces the need for continued financial prudence. Despite this, we continue to receive a significant number of requests for new and additional services.

We are also responding to the increasing emphasis placed by commissioners on the Social Value element in the tendering process.

We continue to broaden the scope of the services that we offer, particularly in terms of pathways to supported and paid employment for our service users. We are working towards the granting of planning permission for a training café in the grounds of Ore Place Farm.

The legal issues surrounding our acquisition of The Bridge Community Centre continue. East Sussex County Council have stated that they require an Order from the Charity Commission before entering a pre-emption agreement with Parchment Trust. The Charity Commission has said that such an Order is unnecessary and would not grant such an Order. Hence, we have reached an impasse, which our solicitor is attempting to negotiate our way through.

Parchment Trust

Trustees' Report

Going concern

The trustees assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Trust to continue as a going concern. The Trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the trust's ability to continue as a going concern. They continue to adopt the going concern basis of accounting in preparing the financial statements.

Budget forecasts are prepared prior to the beginning of each financial year. Figures are prepared on the basis of the accuracy of previous years' forecasts, potential new business (and loss of business), uplift in fees from commissioners (if any) and projected salary and pension contribution increases. Trustees have made it clear that they do not expect to see a deficit budget forecast. Trustees have always taken a conservative attitude to the financial health of the organisation. This is reflected in the fact that actual financial performance has regularly exceeded forecast.

Management accounts are published monthly and are analyzed by the Chief Executive and the Finance Manager, prior to distribution to all trustees. The Profit and Loss Account and Income and Expenditure figures are compared to the budget profile and any anomalies or unexpected differences are commented on and explained. Prior to every quarterly trustee meeting, the Finance Manager submits a report to the trustees for consideration and expresses an opinion as to the financial state of the organisation. The Chief Executive also makes a written report to every trustees' meeting and includes financial highlights. These include surplus to date, account balances, provisional depreciation and accounts receivable. A close watch is kept ensuring that invoicing is done regularly and promptly and that payment in response is also timely. Bad debt is closely monitored. Trustees have also requested that the Chief Executive comments on pension contributions in his report.

The trustees and Chief Executive constantly review the economic climate, and policy from both central and local government are discussed. Particular consideration is given to these when the annual salary review takes place and this review coincides with the publishing of local government spending plans for the coming financial year.

Throughout the 2020/21 financial year, the economic climate has been profoundly affected by the global Covid-19 pandemic. While this posed a threat to the financial health of the organisation, full use of the government's Job Retention Scheme and access to East Sussex Adult Social Care's day service resilience fund have meant that finances have remained sound and reserve levels are relatively constant.

The organisation has a robust and thorough Risk Register which is reviewed at least annually. Strategic, Operational, Compliance and Financial risks are all included in the register.

It is unlikely that the organisation will be materially affected by Brexit. None of the trust's business is conducted outside of the UK and to date it has not recruited significant numbers of staff from the European Union. The only possible affect that Brexit may have is at the macro-economic level where the UK economy as a whole may suffer now that we have left the European Union. Clearly there is huge uncertainty around this issue and so trustees can only be guided by the forecasts made in the media.

Parchment Trust

Trustees' Report

Structure, governance and management

Nature of governing document

The Company was formed in February 2000 as a Company Limited by Guarantee and is a Registered Charity. At the time of formation the Company took over the activities of an unregistered and unincorporated Charitable Trust which had been operating since 1993. All activities are carried out directly by the Company although in addition to the Parchment Trust name, it also operates in the name of Friary Gardeners for its horticultural operations.

Recruitment and appointment of trustees

Trustees serve for a period of 3 years after which they become eligible for re-election. The board has a policy of attracting new trustees from the local community who are fully committed to the Christian principles of the organisation. They are introduced into the charity where they meet the existing board, staff and service users prior to a final decision on their appointment. At the Annual General Meeting of the 11th January 2021, Jane Geater was scheduled for re-election and was duly re-elected unanimously for a period of one year only, at her request. At the same meeting, Karen Walker was unanimously appointed as Chair of Trustees.

Induction and training of trustees

Parchment Trust has a protocol for the induction and training of new trustees. This protocol covers administrative details, an organisational overview, key relationships (both internal and external) and the policies and procedures of the trust. The Charity Commissioners, in their Review Visit Report, described the protocol as “comprehensive”.

Organisational structure

The Company is governed by the non-executive Board of Directors/Trustees, currently six in number. The Board meet formally at least 4 times a year with other ad-hoc meetings as appropriate to the operation. Day-to-day management is in the hands of the Chief Executive and the Senior Management Team, comprising two Directors of Services (appointed May 2019), the managers of each project and the Company's financial manager.

Major risks and management of those risks

Risk management

The Company has a well-developed risk management process in all areas of its operations and the Board continues to undertake an annual review of strategic risks, taking such action as is considered necessary to mitigate any risks so identified. Our comprehensive risk register is reviewed annually and is a standing Agenda item at every Annual General Meeting.

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.

Small companies provision statement

This report has been prepared in accordance with the small companies regime under the Companies Act 2006.

Parchment Trust

Statement of Trustees' Responsibilities

The trustees (who are also the directors of Parchment 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.

Approved by the trustees of the charity on and signed on its behalf by:

.....
J A Hassell
Trustee

Parchment Trust

Independent Auditor's Report to the Members of Parchment Trust

Opinion

We have audited the financial statements of Parchment Trust (the 'charity') for the year ended 31 July 2021, 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 July 2021 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

In auditing the financial statements, we have concluded that the trustees use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charity's ability to continue as a going concern for a period of at least twelve months from when the original financial statements were authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

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.

Parchment Trust

Independent Auditor's Report to the Members of Parchment 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 7), 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Parchment Trust

Independent Auditor's Report to the Members of Parchment Trust

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the charity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the charity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the charity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the charity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the charity audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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.

Parchment Trust

Independent Auditor's Report to the Members of Parchment Trust

.....
Rowena Walsh FCCA (Senior Statutory Auditor)
For and on behalf of Manningtons, Statutory Auditor

39 High Street
Battle
East Sussex
TN33 0EE

Date:.....

Parchment Trust

Statement of Financial Activities for the Year Ended 31 July 2021 (Including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Note	Unrestricted funds £	Restricted funds £	Total 2021 £
Income and Endowments from:				
Donations and legacies	3	248,558	5,000	253,558
Charitable activities	4	1,887,222	-	1,887,222
Investment income	6	368	-	368
Total income		<u>2,136,148</u>	<u>5,000</u>	<u>2,141,148</u>
Expenditure on:				
Charitable activities	7	<u>(2,116,787)</u>	<u>(11,601)</u>	<u>(2,128,388)</u>
Total expenditure		<u>(2,116,787)</u>	<u>(11,601)</u>	<u>(2,128,388)</u>
Net income/(expenditure)		<u>19,361</u>	<u>(6,601)</u>	<u>12,760</u>
Net movement in funds		19,361	(6,601)	12,760
Reconciliation of funds				
Total funds brought forward		<u>1,170,282</u>	<u>511,941</u>	<u>1,682,223</u>
Total funds carried forward	20	<u><u>1,189,643</u></u>	<u><u>505,340</u></u>	<u><u>1,694,983</u></u>

The notes on pages 16 to 30 form an integral part of these financial statements.

Parchment Trust

Statement of Financial Activities for the Year Ended 31 July 2021 (Including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Note	Unrestricted £	Restricted £	Total 2020 £
Income and Endowments from:				
Donations and legacies	3	36,239	-	36,239
Charitable activities	4	2,176,400	-	2,176,400
Other trading activities	5	4,138	-	4,138
Investment income	6	1,669	-	1,669
Total income		<u>2,218,446</u>	<u>-</u>	<u>2,218,446</u>
Expenditure on:				
Raising funds		(276)	-	(276)
Charitable activities	7	<u>(2,166,358)</u>	<u>(11,987)</u>	<u>(2,178,345)</u>
Total expenditure		<u>(2,166,634)</u>	<u>(11,987)</u>	<u>(2,178,621)</u>
Net income/(expenditure)		<u>51,812</u>	<u>(11,987)</u>	<u>39,825</u>
Net movement in funds		51,812	(11,987)	39,825
Reconciliation of funds				
Total funds brought forward		<u>1,118,471</u>	<u>523,928</u>	<u>1,642,399</u>
Total funds carried forward	20	<u><u>1,170,283</u></u>	<u><u>511,941</u></u>	<u><u>1,682,224</u></u>

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

The funds breakdown for 2020 and 2021 is shown in note 20.

The notes on pages 16 to 30 form an integral part of these financial statements.

Parchment Trust
(Registration number: 3920430)
Balance Sheet as at 31 July 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	13	1,197,639	1,159,471
Current assets			
Debtors	14	228,609	284,610
Cash at bank and in hand		<u>530,071</u>	<u>414,778</u>
		758,680	699,388
Creditors: Amounts falling due within one year	15	<u>(113,550)</u>	<u>(55,979)</u>
Net current assets		<u>645,130</u>	<u>643,409</u>
Total assets less current liabilities		1,842,769	1,802,880
Creditors: Amounts falling due after more than one year	16	<u>(147,786)</u>	<u>(120,656)</u>
Net assets		<u><u>1,694,983</u></u>	<u><u>1,682,224</u></u>
Funds of the charity:			
Restricted income funds			
Restricted funds	20	505,340	511,941
Unrestricted income funds			
Unrestricted funds		<u>1,189,643</u>	<u>1,170,283</u>
Total funds	20	<u><u>1,694,983</u></u>	<u><u>1,682,224</u></u>

The financial statements on pages 12 to 30 were approved by the trustees, and authorised for issue on and signed on their behalf by:

.....
S J Geater
Trustee

The notes on pages 16 to 30 form an integral part of these financial statements.

Parchment Trust

Statement of Cash Flows for the Year Ended 31 July 2021

	Note	2021 £	2020 £
Cash flows from operating activities			
Net cash income		12,760	39,825
Adjustments to cash flows from non-cash items			
Depreciation		76,290	78,775
Investment income	6	(368)	(1,669)
Profit/ (Loss) on disposal of fixed assets held for the charity's own use	9	2,632	-
		<u>91,314</u>	<u>116,931</u>
Working capital adjustments			
Decrease/(increase) in debtors	14	56,001	(43,661)
Increase in creditors	15	45,138	5,709
		<u>192,453</u>	<u>78,979</u>
Net cash flows from operating activities		<u>192,453</u>	<u>78,979</u>
Cash flows from investing activities			
Interest receivable and similar income	6	368	1,669
Purchase of tangible fixed assets	13	(126,026)	(87,153)
Sale of tangible fixed assets		8,937	-
		<u>(116,721)</u>	<u>(85,484)</u>
Net cash flows from investing activities		<u>(116,721)</u>	<u>(85,484)</u>
Cash flows from financing activities			
Repayment of loans and borrowings	15	(7,284)	(6,777)
Repayment of capital element of finance leases and HP contracts	17	46,845	-
		<u>39,561</u>	<u>(6,777)</u>
Net cash flows from financing activities		<u>39,561</u>	<u>(6,777)</u>
Net increase/(decrease) in cash and cash equivalents		115,293	(13,282)
Cash and cash equivalents at 1 August		414,778	428,060
Cash and cash equivalents at 31 July		<u>530,071</u>	<u>414,778</u>

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

The notes on pages 16 to 30 form an integral part of these financial statements.

Parchment Trust

Notes to the Financial Statements for the Year Ended 31 July 2021

1 Charity status

The charity is limited by guarantee, incorporated in England and Wales, 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:

Ore Place Farm
The Ridge
Hastings
East Sussex
TN34 2RA

The principal place of business is:

Ore Place Farm
The Ridge
Hastings
East Sussex
TN34 2RA

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

Parchment Trust meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy notes.

Going concern

The trustees consider that there are no material uncertainties about the charity's ability to continue as a going concern nor any significant areas of uncertainty that affect the carrying value of assets held by the charity.

Parchment Trust

Notes to the Financial Statements for the Year Ended 31 July 2021

Judgements

Determination of whether there are indicators of impairment of the Charity's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset.

Key sources of estimation uncertainty

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values. The carrying amount is £1,197,639 (2020 -£1,159,472).

Income and endowments

All income is recognised once the charity has entitlement to the income, it is probable that the income will be received and the amount of the income receivable can be measured reliably. This income is derived from the provision of goods/services and stated after trade discounts and net of vat were applicable.

Donations and legacies

Donations are recognised when the charity has been notified in writing of both the amount and settlement date. In the event that a donation is subject to conditions that require a level of performance by the charity before the charity is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the charity and it is probable that these conditions will be fulfilled in the reporting period.

Grants receivable

Grants are recognised when the charity has an entitlement to the funds and any conditions linked to the grants have been met. Where performance conditions are attached to the grant and are yet to be met, the income is recognised as a liability and included on the balance sheet as deferred income to be released.

Investment income

The charity received bank interest throughout the year.

Charitable activities

Charitable income is for the provision of services to provide person-centred services to wide range of disabilities through occupational and day care activities. Whilst also selling any products made through the occupational activities by the service users to generate more funds.

Other income

Other trading income is generated through small fund raising activities throughout the year.

Expenditure

All expenditure is recognised once there is a legal or constructive obligation to that expenditure, it is probable settlement is required and the amount can be measured reliably. All costs are allocated to the applicable expenditure heading that aggregate similar costs to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs.

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Notes to the Financial Statements for the Year Ended 31 July 2021

Raising funds

These are costs incurred in attracting voluntary income, the management of investments and those incurred in trading activities that raise funds.

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.

Governance costs

These include the costs attributable to the charity's compliance with constitutional and statutory requirements, including audit, strategic management and trustees's meetings and reimbursed expenses.

Government grants

Government grants are recognised based on the accrual model and are measured at the fair value of the asset received or receivable. Grants are classified as relating either to revenue or to assets. Grants relating to revenue are recognised in income over the period in which the related costs are recognised. Grants relating to assets are recognised over the expected useful life of the asset. Where part of a grant relating to an asset is deferred, it is recognised as deferred income.

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

Individual fixed assets costing £100 or more are initially recorded at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Depreciation and amortisation

Depreciation is provided on tangible fixed assets so as to write off the cost or valuation, less any estimated residual value, over their expected useful economic life as follows:

Asset class	Depreciation method and rate
Land and buildings	Buildings straight line over 5 to 50 years
Fixtures and fittings	20% to 25% reducing balance
Motor Vehicles	25% reducing balance

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Notes to the Financial Statements for the Year Ended 31 July 2021

Trade debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the charity will not be able to collect all amounts due according to the original terms of the receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the charity does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Statement of Financial Activities over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the charity has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

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.

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.

Pensions and other post retirement obligations

The charity operates a defined contribution pension scheme which is a pension plan under which fixed contributions are paid into a pension fund and the charity has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised in the Statement of Financial Activities when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

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Notes to the Financial Statements for the Year Ended 31 July 2021

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.

Recognition and measurement

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the charity intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the charity transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the charity, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

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Notes to the Financial Statements for the Year Ended 31 July 2021

3 Income from donations and legacies

	Unrestricted funds General £	Restricted funds £	Total 2021 £	Total 2020 £
Donations and legacies;				
Donations from companies, trusts and similar proceeds	-	5,000	5,000	-
Donations from individuals	6,439	-	6,439	16,332
Grants, including capital grants;				
Government grants	200,980	-	200,980	19,907
Grants from other agencies	41,139	-	41,139	-
	<u>248,558</u>	<u>5,000</u>	<u>253,558</u>	<u>36,239</u>

4 Income from charitable activities

	Unrestricted funds General £	Total 2021 £	Total 2020 £
Occupational and day care services	1,854,650	1,854,650	2,130,342
Sale of goods	32,572	32,572	46,058
	<u>1,887,222</u>	<u>1,887,222</u>	<u>2,176,400</u>

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Notes to the Financial Statements for the Year Ended 31 July 2021

5 Income from other trading activities

	Total 2021 £	Total 2020 £
Events income;		
Fund raising events	-	4,138
	<u>-</u>	<u>4,138</u>

6 Investment income

	Unrestricted funds General £	Total 2021 £	Total 2020 £
Interest receivable and similar income;			
Interest receivable on bank deposits	368	368	1,669
	<u>368</u>	<u>368</u>	<u>1,669</u>

7 Expenditure on charitable activities

	Note	Unrestricted funds General £	Restricted funds £	Total 2021 £	Total 2020 £
Occupational and day care services		447,129	-	447,129	435,364
Depreciation, amortisation and other similar costs		62,056	11,601	73,657	78,775
Staff costs		1,599,532	-	1,599,532	1,656,737
Governance costs	8	8,070	-	8,070	7,469
		<u>2,116,787</u>	<u>11,601</u>	<u>2,128,388</u>	<u>2,178,345</u>

Parchment Trust

Notes to the Financial Statements for the Year Ended 31 July 2021

8 Analysis of governance and support costs

Governance costs

	Unrestricted funds General £	Total 2021 £	Total 2020 £
Audit fees			
Audit of the financial statements	4,800	4,800	4,000
Other fees paid to auditors	2,373	2,373	2,729
Other governance costs	897	897	740
	<u>8,070</u>	<u>8,070</u>	<u>7,469</u>

9 Net incoming/outgoing resources

Net incoming resources for the year include:

	2021 £	2020 £
Audit fees	4,800	4,000
(Profit)/Loss on disposal of fixed assets held for the charity's own use	(2,632)	-
Depreciation of fixed assets	<u>76,289</u>	<u>78,775</u>

10 Trustees remuneration and expenses

No trustees, nor any persons connected with them, have received any remuneration from the charity during the year.

No trustees have received any reimbursed expenses or any other benefits from the charity during the year.

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Notes to the Financial Statements for the Year Ended 31 July 2021

11 Staff costs

The aggregate payroll costs were as follows:

	2021 £	2020 £
Staff costs during the year were:		
Wages and salaries	1,483,998	1,539,091
Social security costs	92,556	94,441
Pension costs	22,978	23,205
	<u>1,599,532</u>	<u>1,656,737</u>

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

	2021 No	2020 No
Occupational and daycare services	96	97
Administration and support	2	2
	<u>98</u>	<u>99</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 £61,904 (2020 - £62,155).

12 Taxation

The charity is a registered charity and is therefore exempt from Corporation Tax.

Parchment Trust

Notes to the Financial Statements for the Year Ended 31 July 2021

13 Tangible fixed assets

	Land and buildings £	Furniture and equipment £	Motor vehicles £	Total £
Cost				
At 1 August 2020	1,125,342	175,828	376,034	1,677,204
Additions	21,039	18,523	86,464	126,026
Disposals	-	-	(61,007)	(61,007)
At 31 July 2021	<u>1,146,381</u>	<u>194,351</u>	<u>401,491</u>	<u>1,742,223</u>
Depreciation				
At 1 August 2020	177,820	108,391	231,521	517,732
Charge for the year	18,909	16,497	40,884	76,290
Eliminated on disposals	-	-	(49,438)	(49,438)
At 31 July 2021	<u>196,729</u>	<u>124,888</u>	<u>222,967</u>	<u>544,584</u>
Net book value				
At 31 July 2021	<u>949,652</u>	<u>69,463</u>	<u>178,524</u>	<u>1,197,639</u>
At 31 July 2020	<u>947,522</u>	<u>67,437</u>	<u>144,513</u>	<u>1,159,472</u>

14 Debtors

	2021 £	2020 £
Trade debtors	115,157	105,757
Prepayments	20,722	15,237
Accrued income	91,776	162,335
Other debtors	954	1,281
	<u>228,609</u>	<u>284,610</u>

Parchment Trust

Notes to the Financial Statements for the Year Ended 31 July 2021

15 Creditors: amounts falling due within one year

	2021 £	2020 £
Bank loans	7,713	7,266
Trade creditors	17,139	12,890
Hire purchase and finance leases	11,984	-
Other taxation and social security	16,009	24,659
Other creditors	54,196	5,164
Accruals	6,509	6,000
	<u>113,550</u>	<u>55,979</u>

16 Creditors: amounts falling due after one year

	2021 £	2020 £
Bank loans	112,925	120,656
Hire purchase and finance leases	34,861	-
	<u>147,786</u>	<u>120,656</u>

Included in the creditors are the following amounts due after more than five years:

	2021 £	2020 £
After more than five years by instalments	<u>75,441</u>	<u>85,472</u>

Bank loans

The loan is secured by a first fixed legal charge with full guarantee over the freehold interest in the property; Ore Place Farm. The loan is a full repayment loan over 25 years from August 2007 at a rate of 6.5% interest.

Interest and charges on the loan expensed in the year was £8,102 (2020 - £8,581).

Parchment Trust

Notes to the Financial Statements for the Year Ended 31 July 2021

17 Obligations under leases and hire purchase contracts

Operating lease commitments

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

	2021 £	2020 £
Land and buildings		
Within one year	22,917	22,917
Between one and five years	34,374	57,291
	<u>57,291</u>	<u>80,208</u>

The lease was agreed as a 5 year lease beginning on 6th February 2019. Total operating lease payments expensed in the year were £31,000 (2020 - £31,000)

18 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 £22,978 (2020 - £23,205).

19 Commitments

Other financial commitments

During 2015 the Charity had entered into a 5 year non-cancellable hire lease commitment for drinks machine at a rate of £1129 per annum.

During 2020 the Charity renegotiated the lease for the drinks machine but due to Covid-19 this was put on hold, in 2021 this lease was cancelled.

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Notes to the Financial Statements for the Year Ended 31 July 2021

20 Funds

	Balance at 1 August 2020 £	Incoming resources £	Resources expended £	Balance at 31 July 2021 £
Unrestricted				
<i>General</i>				
General fund	1,170,282	2,136,148	(2,116,787)	1,189,643
Restricted				
Acquisition fund	156,063	-	(2,388)	153,675
New trailer	20	-	(4)	16
SEIF Project	341,880	-	(8,020)	333,860
Foreshore Trust grant	332	-	(42)	290
BIFFA grant - Timber sheds	9,337	-	(934)	8,403
Theaklen drive kitchen	500	-	-	500
Shaded area (FG)	309	-	(213)	96
Outside work	3,000	-	-	3,000
Woodworking equipment	500	-	-	500
The Friary - Till	-	5,000	-	5,000
Total restricted	<u>511,941</u>	<u>5,000</u>	<u>(11,601)</u>	<u>505,340</u>
Total funds	<u><u>1,682,223</u></u>	<u><u>2,141,148</u></u>	<u><u>(2,128,388)</u></u>	<u><u>1,694,983</u></u>

Parchment Trust

Notes to the Financial Statements for the Year Ended 31 July 2021

	Balance at 1 August 2019 £	Incoming resources £	Resources expended £	Balance at 31 July 2020 £
Unrestricted funds				
<i>General</i>				
General fund	1,118,471	2,218,446	(2,166,634)	1,170,283
Restricted				
Acquisition fund	158,500	-	(2,437)	156,063
New trailer	26	-	(6)	20
SEIF Project	350,064	-	(8,184)	341,880
Foreshore Trust grant	388	-	(56)	332
BIFFA grant - Timber sheds	10,374	-	(1,037)	9,337
Theaklen drive kitchen	500	-	-	500
Shaded area (FG)	576	-	(267)	309
Outside work	3,000	-	-	3,000
Woodworking equipment	500	-	-	500
Total restricted funds	<u>523,928</u>	<u>-</u>	<u>(11,987)</u>	<u>511,941</u>
Total funds	<u><u>1,642,399</u></u>	<u><u>2,218,446</u></u>	<u><u>(2,178,621)</u></u>	<u><u>1,682,224</u></u>

The specific purposes for which the funds are to be applied are as follows:

Purposes of restricted funds:

The purpose of the individual funds is generally shown by their titles. Those funds used to purchase fixed assets have the depreciation charged on those assets in the year allocated to the fund until it is fully utilised.

The Acquisition Fund's purpose was to buy the freehold to Ore Place Farm at a cost of approximately £190,000, the only movement in this fund now is depreciation.

The SEIF project fund comprises a grant from SEIF towards the cost of restoring and converting previously unusable parts of the charity's buildings at Ore Place to become additional facilities for use in the charity's work.

The Foreshore Trust grant was received to fund the purchase of IT equipment.

The BIFFA grant was received to fund the purchase and erection of two timber sheds at Friary Gardens.

Parchment Trust

Notes to the Financial Statements for the Year Ended 31 July 2021

21 Analysis of net assets between funds

	Unrestricted funds General £	Restricted funds £	Total funds at 31 July 2021 £
Tangible fixed assets	701,299	496,340	1,197,639
Current assets	710,680	48,000	758,680
Current liabilities	(74,550)	(39,000)	(113,550)
Creditors over 1 year	(147,786)	-	(147,786)
Total net assets	<u>1,189,643</u>	<u>505,340</u>	<u>1,694,983</u>
	Unrestricted funds General £	Restricted funds £	Total funds at 31 July 2020 £
Tangible fixed assets	651,530	507,941	1,159,471
Current assets	695,388	4,000	699,388
Current liabilities	(55,979)	-	(55,979)
Creditors over 1 year	(120,656)	-	(120,656)
Total net assets	<u>1,170,283</u>	<u>511,941</u>	<u>1,682,224</u>

22 Analysis of net funds

	At 1 August 2020 £	Financing cash flows £	At 31 July 2021 £
Cash at bank and in hand	<u>414,778</u>	<u>115,293</u>	<u>530,071</u>
Net debt	<u>414,778</u>	<u>115,293</u>	<u>530,071</u>
	At 1 August 2019 £	Financing cash flows £	At 31 July 2020 £
Cash at bank and in hand	<u>428,060</u>	<u>(13,282)</u>	<u>414,778</u>
Net debt	<u>428,060</u>	<u>(13,282)</u>	<u>414,778</u>