

Charity number 1110647

Company number 5316223

**QUOTHQUAN TRUST
(Limited by Guarantee)**

**Unaudited Financial Statements
31 December 2020**

***To God be the glory,
great things He has done,
is doing and will do through
Jesus Christ His Son!***

www.quotquantrust.org.uk

**Independent Examiner
Ian Holder FCA
Mazars LLP
2 Chamberlain Square
Birmingham
B3 3AX**

QUOTHQUAN TRUST

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QUOTHQUAN TRUST
GENERAL INFORMATION

CHARITY NUMBER

1110647 (England & Wales)

COMPANY NUMBER

5316223 (England & Wales)

TRUSTEES

Mrs J A Gilmour
Mrs S J Robinson

STAFF

None

**PRINCIPAL OFFICE AND
CORRESPONDENCE ADDRESS**

Dale Farm
Worcester Lane
Sutton Coldfield
West Midlands
B75 5PR

BANKERS

Barclays Bank
Leicester
Leicestershire
LE87 2BB

INDEPENDENT EXAMINER

Ian Holder FCA
Mazars LLP
2 Chamberlain Square
Birmingham
B3 2AX

SOLICITORS

Anthony Collins Solicitors LLP
134 Edmund Street
Birmingham
B3 2ES

QUOTHQUAN TRUST

TRUSTEES' REPORT

The Trustees present their report and financial statements for the year ended 31st December 2020.

STRUCTURE, GOVERNANCE AND MANAGEMENT

The Charity was established by memorandum and articles of association on 17th December 2004 under company number 5316223 and was recognised as a charity on 29th July 2005. The principal office is Dale Farm, Worcester Lane, Sutton Coldfield, B75 5PR.

It was set up to take over the grant making and acquire most of the Mixed Motive (Social) Investments (they used to be called Programme Related (Social) Investments) and certain other assets of the Second Quothquan Charitable Trust, an unincorporated charitable trust that is a related party by reason of common trustees.

The trustees, Mrs J A Gilmour and Mrs S J Robinson, have held office throughout the year and to the date of this report.

None of the trustees received any remuneration directly or indirectly from the Charity nor from its subsidiary.

The Trustees have agreed that, as part of the induction process for new trustees, before anyone considers appointment as a trustee, they should familiarise themselves with the responsibilities of charity trustees, read the Charity Commission booklet on this subject and carefully read the Charity's memorandum and articles of association and its latest financial statements.

All non-administrative decisions are made by the Trustees jointly. Administrative decisions are delegated either to staff or to one of the Trustees alone.

The Charity has a wholly owned subsidiary, Quothquan Limited. In line with this Charity's Object, that company assists individuals to acquire their own homes by way of a shared ownership scheme.

This Charity has made substantial loans to Harvest Fields Homes and Quothquan Homes, charitable companies which are related parties to this Charity as they have common trustees. This has enabled them to provide rented social housing to those in need.

The Trustees have reviewed the major risks to which the Charity is exposed. Where practical and appropriate, steps have been put in place to manage, mitigate or minimise those risks.

OBJECTIVES, ACTIVITIES AND PUBLIC BENEFIT

The Object as set out in the Charity's memorandum of association, its governing document, is to advance the Christian faith (in accordance with the Statement of Faith under Article 28) and as an expression of Christian witness, love and concern to undertake any of the following to relieve the poor, the sick, the charitable needs of the elderly and those in conditions of need, hardship and distress; to provide and/or support training, education and pastoral care; and to provide and/or support facilities in the interests of social welfare or recreation of either the general public in the area or those in charitable need of such facilities with the object of improving the conditions of life.

The Charity seeks to spread the Christian faith through encouraging and supporting the promotion of the Gospel of Jesus Christ and through expressing the love of Jesus Christ to those inside and outside the Christian church.

The Charity has sought to achieve its objectives, specifically supporting Christian individuals and organisations, principally through two different activities – grant making and mixed motive (social) investments.

The Trustees have taken account of the Charity Commission's general guidance relating to public benefit issues when reviewing the Charity's objectives and activities.

QUOTHQUAN TRUST

TRUSTEES' REPORT

Grant Making

One-off specific agreed forward commitments and thirteen months of its regular monthly commitments have been recognised in these financial statements as a creditor because that is the extent of this Charity's commitment before the grants are reviewed.

| In the year the Charity has paid grants as follows:- | 2020 £ | 2020 No. | 2019 £ | 2019 No. |
|--|------------------|-------------|------------------|-------------|
| Evangelism, bibles, prayer & education | 58,800 | 4 | 80,000 | 9 |
| Full time Christian Workers | 57,300 | 21 | 101,400 | 25 |
| Welfare, humanitarian & family support | 39,773 | 3 | 52,700 | 5 |
| Low income or lone parent families | 13,600 | 8 | 56,800 | 10 |
| Churches & Christian Centres | 6,000 | 1 | 12,000 | 1 |
| Students | 1,475 | 1 | 15,204 | 4 |
| Volunteers & part time Christian Workers | 800 | 1 | 1,000 | 2 |
| | 177,748 | 39 | 319,104 | 56 |
| Provision for grants payable at the year end | 185,150 | == | 211,646 | == |
| Less provision for grants payable at the beginning of the year | (211,646) | | (329,528) | |
| | 151,252 | | 201,222 | |

Of the total grants paid, £111,600 (2019: £151,000) were to 9 (2019: 17) organisations and £66,148 (2019: £168,104) were to 30 (2019: 39) individuals. Details of grants over £999 to organisations are available upon request. At the year end a creditor (liability) for £185,150 (2019: 211,646) was included where the amount and timing of the payments were agreed by the Trustees.

The Trustees aim to consider written applications for grants quarterly. The Trustees prefer to support specific projects, concentrating on helping Christian organisations, small charities and churches based in Birmingham and the surrounding area. Any project outside the West Midlands or overseas will only be considered when recommended by someone known to the Trustees who has first-hand knowledge of the work. Apart from the regular monthly grants, grants are generally made on a one off basis. The Charity will consider further applications for funding after ten months have elapsed from the last payment.

The Charity does not usually support:

- Anything that does not have the promotion of Christianity as part of its ethos.
- Activities that are primarily the responsibility of central or local government or another responsible body.
- Animal welfare.
- Church buildings – restorations, improvements, renovations or new buildings.
- Environmental – conservation and protection of wildlife and landscape.
- Expeditions and overseas trips.
- Hospitals and health centres.
- Individuals whose work is not well known to the Trustees are not normally supported.
- Large national charities. It is unusual for the Charity to support large national charities even where there is a local project.
- Loans and business finance.
- Medical research projects.
- Overseas appeals unless there is a recommendation from someone known to the Trustees who knows the project well.
- Promotion of any religion other than Christianity.
- Schools, universities and colleges.

QUOTHQUAN TRUST

TRUSTEES' REPORT

Correspondence regarding Grants:

All appeals should be made in writing to the address shown on page 1 and the information given should include:

- A brief description of the activities of the organisation.
- Details of the project and its overall cost.
- What funds have already been raised and how the remaining funds are to be raised.
- A copy of the latest accounts including any associated or parent organisation.
- Any other leaflets or supporting documentation.

The Charity does not acknowledge receipt of applications nor does it enter into any correspondence. The Charity normally communicates the success of an appeal with the issue of a cheque and covering letter. Refusals are not notified.

Mixed Motive (Social) Investments:

The MM(S)I (formerly called Programme Related (Social) Investments) category applies where the motive for making the investment was not just a conventional investment return of income or capital but the achieving of the Charity's object alongside, in most cases, achieving a reasonable return.

The Trustees policy in making indirect MM(S)I was to assist in the provision of social housing and to obtain an acceptable return.

The direct MM(S)I were made to enable two Christian families to purchase homes when they would not otherwise be able to do so and then to work for unrelated Christian charities.

As required, under the FRS102, the Trustees have fair valued the MM(S)I.

ACHIEVEMENTS, PERFORMANCE AND PUBLIC BENEFIT

All unspent receipts to date were restricted funds subject to the following condition:

"Unless, and to the extent that you receive a notice from one of the present Trustees in a personal capacity resolving otherwise, at least 80% of that restricted fund (income and capital) on a cumulative basis from the date of creation of that fund shall be applied for the advancement of the Christian faith."

Grants made:

During the year the Charity made grants of £177,748 (2019: 319,104) that met the Charity's criteria as summarised on page 3. The work of most of these organisations and individuals are well known to the Trustees.

The grants have made a significant difference to the recipients and their work.

Mixed Motive (Social) Investments:

The Charity owns a 25% shared ownership interest in two houses occupied by Christian workers, the direct MM(S)I. The Trustees consider that these investments are fulfilling their objectives.

The Charity continues to fund the loans formerly made by SQCT to Harvest Fields Homes and Quothquan Homes. These loans carry interest at 7% per annum on the build cost (nil on land cost) and are repayable by the recipients as and when funds permit. They were used by the recipient charities to enable them to purchase fortyfour houses to provide rented social housing to those in housing need, thus fulfilling their objectives and, as an indirect MM(S)I, fulfilling the Object of this Charity. More details of the loans are set out at note 6a and note 12.

In addition the Charity also continues to make an interest free loan to Quothquan Limited, its subsidiary, which enabled it to assist those on limited income to acquire over a number of years twenty-six shared ownership houses by way of its shared equity (ownership) scheme. At the year end it retained a 25% interest in seven (2019: nine) homes.

QUOTHQUAN TRUST

TRUSTEES' REPORT

Quothquan Limited's results are set out in note 7 and more details of its loan are set out in note 6a and note 12. The Trustees are satisfied that the subsidiary's shared ownership scheme has continued to achieve its objectives.

Public Benefit

The Trustees consider that the Charity's achievements and performance meet the public benefit requirements. The grants it has given have enabled ongoing Christian work and witness by others. The affordable accommodation it has enabled by its MM(S)I has met the needs of members of the community.

FINANCIAL REVIEW

The Trustees consider the financial position of the Charity and its subsidiary to be satisfactory.

Unrestricted funds

The Charity has no unrestricted funds.

Restricted funds

As stated above, at least 80% of the restricted funds are required to be applied for the advancement of Christian faith. In the year, grants paid totalling £170,800 were for the advancement of Christian faith. Cumulatively to date 98.03% of the grants paid have been for the advancement of Christian faith.

Investments

The Charity has the power to invest in such assets as it sees fit.

The majority of the Charity's funds were invested on a long term basis in loans to provide rented social housing and shared ownership properties.

The loans to provide rented social housing and to provide shared ownership, the indirect MM(S)I, meet the Charity's Object with a relatively low risk and, in part, earn a relatively stable income return.

The effect of making available rented social housing and assisting by way of shared equity scheme those who would not otherwise be able to acquire their own home, has had a substantial effect on those beneficiaries affecting positive social change.

Apart from these investments, the majority of liquid funds have been held at interest with Barclays Bank plc.

Reserves

The Charity has no unrestricted funds and, therefore, as the Charity SORP defines reserves as excluding restricted funds, the Charity has no reserves.

Of its restricted funds, the majority are designated or invested, in property, loans and promised grants, and are therefore not liquid. This is why the balance sheet is showing a negative fund.

However, the Charity has a regular source of cash-flow from the repayments of, and interest on, its loans to Harvest Fields Homes and Quothquan Homes which go towards meeting its grant commitments.

The Trustees also regularly monitor available funds and cash-flow.

Loans

The loan that the Charity received last year from a charity with a common trustee was repaid in full within the year.

The Charity continues to benefit from an interest free loan from one of the Trustees in a personal capacity along with another personal loan from a related party.

These loans are not repayable on demand and were given to enable the continuing work of the charity. The Trustees intend to repay these loans as funds become available. Details of each of these loans are set out in note 12.

QUOTHQUAN TRUST

TRUSTEES' REPORT

STATEMENT OF TRUSTEES RESPONSIBILITIES

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

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

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

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

In preparing this report, the Trustees have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006 and Section 1A of the FRS102.

Audit Exemption

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

**Approved by the Trustees on 20th September 2021
and signed on their behalf by**



S J Robinson - Trustee

QUOTHQUAN TRUST

INDEPENDENT EXAMINER'S REPORT

For the year ended 31 December 2020

I report on the financial statements of Quothquan Trust for the year ended 31 December 2020, which are set out on pages 8 to 15.

Respective responsibilities of trustees and examiner

The charity's trustees are responsible for the preparation of the financial statements. The charity's trustees consider that an audit is not required for this year under section 144(2) of the Charities Act 2011 (the 2011 Act) and that an independent examination is needed.

It is my responsibility to:

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

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

Basis of independent examiner's report

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

Independent examiner's statement

In connection with my examination, which is complete, no matters have come to my attention which give me reasonable cause to believe that in any material respect:

- accounting records were not kept in respect of Quothquan Trust in accordance with section 130 of the 2011 Act; or
- the financial statements do not accord with those records; or
- the financial statements do not comply with the applicable requirements concerning the form and content of financial statements set out in the Charities (Accounts and Reports) Regulations 2008 other than any requirement that the financial statements give a 'true and fair' view which is not a matter considered as part of an independent examination.

I have no concerns and have come across no other matters in connection with the examination to which, in my opinion, attention should be drawn in order to enable a proper understanding of the financial statements to be reached.

Ian Holder

Date: Sep 23, 2021

Ian Holder FCA

For and on behalf of Mazars LLP

Chartered Accountants and Statutory Auditor

2 Chamberlain Square

Birmingham

B3 3AX

QUOTHQUAN TRUST

STATEMENT OF FINANCIAL ACTIVITIES AND SUMMARY INCOME AND EXPENDITURE ACCOUNT

For the year ended 31 December 2020

The whole of the Charity's funds are restricted.

| | Notes | 2020 £ | 2019 £ |
|---|-------|-------------------|------------|
| INCOME FROM: | | | |
| Donations: | | | |
| Donations in money | 2 | - | 40,046 |
| Group Income (gift aid from subsidiary) | | 57,854 | - |
| | | 57,854 | 40,046 |
| Investments: | | | |
| Interest receivable | | 27,384 | 36,145 |
| Fair value adjustment unwinding of discount on social investments | 6 | 38,831 | 36,942 |
| | | 124,069 | 113,133 |
| Total Income | | 124,069 | 113,133 |
| EXPENDITURE ON CHARITABLE ACTIVITIES | 3 | (159,865) | (221,837) |
| NET EXPENDITURE AND NET MOVEMENT IN FUNDS | | (35,796) | (108,704) |
| BALANCE BROUGHT FORWARD | | 1,416,360 | 1,525,064 |
| BALANCE CARRIED FORWARD | | 1,380,564 | 1,416,360 |

This Statement of Financial Activities includes all gains and losses recognised in the year.
All of the above results are derived from continuing activities.
The notes on pages 10 to 15 form part of these financial statements.

QUOTHQUAN TRUST**BALANCE SHEET****As at 31 December 2020**

| | Notes | 2020 £ | 2019 £ |
|--|-------|------------------|------------------|
| FIXED ASSETS | | | |
| Tangible assets | 5 | 535,550 | 540,429 |
| Investments | 6 | 1,197,664 | 1,391,051 |
| | | <u>1,733,214</u> | <u>1,931,480</u> |
| CURRENT ASSETS | | | |
| Debtors | 8 | 31,449 | 24,882 |
| Cash at bank | | 194,315 | 138,323 |
| | | <u>225,764</u> | <u>163,205</u> |
| CURRENT LIABILITIES | | | |
| Creditors - Amounts Falling Due Within One Year | 9 | (175,864) | (199,950) |
| ASSETS/(LIABILITIES) | | <u>49,900</u> | <u>(36,745)</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 1,783,114 | 1,894,735 |
| CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR | 10 | (402,550) | (478,375) |
| NET ASSETS | | <u>1,380,564</u> | <u>1,416,360</u> |
| REPRESENTED BY: | | | |
| RESTRICTED INCOME FUNDS | | | |
| Invested in Fixed Assets | | 1,733,214 | 1,931,480 |
| Designated for Investment | | 1,668 | 1,668 |
| Other | | (354,318) | (516,788) |
| | | <u>1,380,564</u> | <u>1,416,360</u> |

The Trustees consider that the Charity is entitled to exemption from the requirement to have an audit under the provisions of section 477 of the Companies Act 2006 ("the Act") and members have not required the charity to obtain an audit for the year in question in accordance with section 476 of the Act. The Trustees acknowledge their responsibilities for ensuring that the Charity keeps accounting records which comply with section 386 of the Act and for preparing financial statements which give a true and fair view of the state of affairs of the Charity as at 31st December 2020 and of its income and expenditure for the year then ended in accordance with the requirements of sections 394 and 395 of the Act and which otherwise comply with the requirements of the Act relating to the financial statements as so far as applicable to the Charity.

The financial statements have been prepared in accordance with the provisions applicable to small companies within Part 15 of the Companies Act 2006 and in accordance with Section 1A of the FRS102.

Approved by the trustees on 20th September 2021 and signed on their behalf.



S J Robinson – Trustee
Company number 5316223

QUOTHQUAN TRUST

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2020

1 ACCOUNTING POLICIES

Basis of preparation

These financial statements are prepared under the historical cost convention and in accordance with:

- The Charities Act 2011
- The Companies Act 2006
- The Financial Reporting Standard applicable in the UK and the Republic of Ireland (FRS102)
- Accounting & Reporting by Charities: Statement of Recommended Practice (Charities SORP FRS102) (effective October 2019). There were no material changes from transition to the Charities SORP FRS 102 (effective October 2019).

The accounts present a true and fair view and no changes in the basis of accounting have been made during the year. There have also been no changes to the previous accounts during the financial year. The charity is a public benefit entity.

Consolidated Financial Statements

Consolidated financial statements have not been prepared on the basis that the effect of consolidating the subsidiary company's results would make no material difference to the financial statements of the Charity. These financial statements therefore present the information about the Charity as an individual entity rather than as a group. A summary of the subsidiary's balance sheet and profit and loss account is given in note 7.

Going Concern

The trustees are of the view that there are sufficient reserves to secure the immediate future of the Trust for the next 12 to 18 months and on that basis the charity is a going concern.

Statement of Cash Flows Exemption

The charitable company has not produced a Statement of Cash Flows, as the charity is within the small company and charity thresholds.

Income

Donations from individuals are included on a cash received basis. There would be no material difference if an accruals basis were adopted. Tax recoverable is included in the period to which the gift generating the tax recovery relates (accruals basis). Income from investments and rental income are included in the SOFA in the period in which they are receivable.

Expenditure

Grants are accounted for when a formal commitment is made. Other expenditure is included on an accruals basis when incurred. Governance costs are those related to the running of the Charity, including the Independent Examination and other statutory costs.

Properties

Tangible freehold property used for charitable purposes is stated at its historic cost less provision for depreciation of two percent straight line per annum of its buildings element.

Mixed Motive (Social) Investments

The loans to Harvest Field Homes, Quothquan Homes, Quothquan Limited, Harvest Fields Centre Ltd and the shared ownership interest in two properties occupied by Christian workers are classified within a subheading of investments called MM(S)I.

These loans are a MM(S)I as their aim is to further the Charity's charitable objectives by assisting sister charities (with whom the Charity shares similar aims and objectives), assist the subsidiary and provide an acceptable return to this Charity. One of the investments is denominated in a foreign currency and therefore is translated at the rate ruling when the investment was made less any provision for impairment. The remaining investments are measured at amortised cost, comprising the amount of initial recognition, minus any repayments of the principal, plus the cumulative amortisation using the effective interest method, and minus any reduction for impairment noted.

QUOTHQUAN TRUST

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2020

Restricted Funds

As all the Charity's funds were and remain restricted so at least 80% of that restricted fund (income and capital) on a cumulative basis from the date of creation of that fund is applied for the advancement of the Christian faith.

Judgements and Estimations

The trustees have not made any significant judgements in the process of applying the accounting policies. The only estimates made are the rates of depreciation applied to fixed assets and the discount interest rate applied to the calculation of the fair value of investments.

2 INCOME

| | 2020 | 2019 |
|---|---------------|---------------|
| | £ | £ |
| Donations in money | - | 40,046 |
| Group Income (gift aid from subsidiary) | 57,878 | - |
| | <u>57,878</u> | <u>40,046</u> |

3 CHARITABLE ACTIVITIES

This comprises restricted grants and other charitable activity costs.

| Restricted grants paid: | 2020 | 2020 | 2019 | 2019 |
|--|----------------|-----------|----------------|-----------|
| | £ | No. | £ | No. |
| Evangelism, bibles, prayer & education | 58,800 | 4 | 80,000 | 9 |
| Full time Christian Workers | 57,300 | 21 | 101,400 | 25 |
| Welfare, humanitarian & family support | 39,773 | 3 | 52,700 | 5 |
| Low income or lone parent families | 13,600 | 8 | 56,800 | 10 |
| Churches & Christian Centres | 6,000 | 1 | 12,000 | 1 |
| Students | 1,475 | 1 | 15,204 | 4 |
| Volunteers & part time Christian Workers | 800 | 1 | 1,000 | 2 |
| | <u>177,748</u> | <u>39</u> | <u>319,104</u> | <u>56</u> |
| Provision for agreed grants payable: | | | | |
| Evangelism, bibles, prayer & education | 63,700 | | 63,700 | |
| Full time Christian Workers | 56,600 | | 69,600 | |
| Welfare, humanitarian & family support | 39,000 | | 39,000 | |
| Low income or lone parent families | 18,700 | | 19,700 | |
| Churches & Christian Centres | 6,500 | | 13,000 | |
| Students | - | | 5,996 | |
| Volunteers & part time Christian Workers | 650 | | 650 | |
| | <u>185,150</u> | | <u>211,646</u> | |
| Less provision for grants payable at the beginning of the year | (211,646) | | (329,528) | |
| | <u>151,252</u> | | <u>201,222</u> | |
| Other charitable activity costs: | | | | |
| Depreciation of tangible freehold buildings | 4,879 | | 4,879 | |
| Other property costs re charitable activities | 2,027 | | 14,166 | |
| Independent examination fees | 1,615 | | 1,458 | |
| Other administration costs | 92 | | 112 | |
| | <u>159,865</u> | | <u>221,837</u> | |
| Total cost of all charitable activities | <u>159,865</u> | | <u>221,837</u> | |

QUOTHQUAN TRUST

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2020

3 CHARITABLE ACTIVITIES (continued)

Details of grants over £999 to organisations are available upon request. At the year end a liability for £185,150 (2019: £211,646) has been included for grants where the amount and timing of the payments have been agreed by the Trustees.

4 OFFICE AND SUPPORT COSTS – STAFF COSTS

The Charity has no employees and hence no person was paid more than £60,000 per annum. The Charity utilises the services of the Second Quothquan Charitable Trust, but has not been charged for this. Neither of the Trustees have received any remuneration directly or indirectly nor been reimbursed for any expenses.

5 TANGIBLE ASSETS – Freehold Land and Buildings

| | £ |
|-----------------------------|----------------|
| COST: | |
| At 1 January 2020 | 563,470 |
| Additions/disposals in year | - |
| At 31 December 2020 | 563,470 |
| DEPRECIATION: | |
| At 1 January 2020 | 23,041 |
| Charge for the year | 4,879 |
| At 31 December 2020 | 27,920 |
| NET BOOK VALUE: | |
| At 31 December 2020 | 535,550 |
| At 31 December 2019 | 540,429 |

The freehold properties were used for charitable purposes.

6 INVESTMENTS

| | Direct MM(S) Investment £ | Indirect MM(S) Investment £ | Total MM(S) Investment £ | Investment in subsidiary undertaking £ | 2020 Total Investments £ | 2019 Total Investments £ |
|-------------------------|------------------------------------|--------------------------------------|-----------------------------------|---|-----------------------------------|-----------------------------------|
| Prior year balances | 58,071 | 1,331,780 | 1,389,851 | 1,200 | 1,391,051 | 1,459,955 |
| Disposals - repayments | - | (232,218) | (232,218) | - | (232,218) | (105,846) |
| Fair value adjustment | 976 | 37,855 | 38,831 | - | 38,831 | 36,942 |
| Closing Balances | 59,047 | 1,137,417 | 1,196,464 | 1,200 | 1,197,664 | 1,391,051 |
| Historic Costs | 66,935 | 2,462,588 | 2,529,523 | 1,200 | 2,530,723 | 2,530,723 |
| | Note 6a | Note 6a | | Note 7 | | |

With the exception of approximately 40% of the Direct MM(S) Investment which is in the USA, all the remaining fixed asset investment assets are held in the UK.

QUOTHQUAN TRUST

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2020

6a Mixed Motive (Social) Investments

The direct MM(S)I comprises a 25% shared ownership interest in two houses used by Christian workers. It is shown at the amount invested less any impairment.

The indirect MM(S)I comprises a loan to Quothquan Homes of £1,197,159 (2019: £1,275,315) (which it has used to enable it to acquire sixteen rented social houses and four apartments), a loan to Harvest Fields Homes of £248,152 (2019: £379,651) (which it has used to enable it to acquire twenty-four rented social homes) and a loan to Quothquan Limited of £72,144 (2019: £94,681) which has enabled it to acquire a 25% shared ownership interest in starter homes to assist the occupiers, being key workers and/or low income families - they are shown at the amount invested adjusted to fair value.

7 INVESTMENT IN SUBSIDIARY UNDERTAKING

| | 2020 £ | 2019 £ |
|--|--------------|--------------|
| 100% shareholding in Quothquan Limited | <u>1,200</u> | <u>1,200</u> |

Quothquan Limited has not been consolidated as the effect would not be material and this treatment is permitted by Statement of Recommended Practice for Charities (SORP (FRS 102)).

This subsidiary owns 25% shared ownership interest in starter homes as described in note 6a.

A summary of Quothquan Limited's balance sheet at 31 December 2020 is as follows:

| | |
|--------------------------------------|---------------|
| | £ |
| Stock of shared ownership properties | 73,400 |
| Cash at bank and in hand | - |
| | <u>73,400</u> |
| Total assets | 73,400 |
| Current liabilities | (72,120) |
| | <u>1,280</u> |
| Net funds | <u>1,280</u> |

A summary of its profit and loss account for the year ended 31 December 2020 is as follows:

| | |
|--|---------------|
| | £ |
| Turnover | 78,278 |
| Cost of sales | (20,400) |
| | <u>57,878</u> |
| Gross Profit | 57,878 |
| Interest receivable | - |
| Non gift aid expenses | (24) |
| | <u>57,854</u> |
| Net profit/(deficit) before transfer to this Charity by gift aid | 57,854 |
| Gift aid payment to this Charity | (57,854) |
| | <u>-</u> |
| Net result | <u>-</u> |

QUOTHQUAN TRUST

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2020

8 DEBTORS AND PREPAYMENTS

| | 2020 £ | 2019 £ |
|-------------|---------------|---------------|
| Loans | 31,119 | 24,573 |
| Prepayments | 330 | 309 |
| | <u>31,449</u> | <u>24,882</u> |

9 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2020 £ | 2019 £ |
|---|----------------|----------------|
| Grants payable (see Note 3) | 185,150 | 211,646 |
| Other creditors and accruals | 3,264 | 1,679 |
| Less: due after more than one year | | |
| Grants payable | (12,550) | (13,375) |
| | <u>175,864</u> | <u>199,950</u> |

10 CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

| | 2020 £ | 2019 £ |
|--|----------------|----------------|
| Grants payable due after one year | 12,550 | 13,375 |
| Personal loan from Trustee (Note 12) | 120,000 | 120,000 |
| Personal loan from related party (Note 12) | 270,000 | 270,000 |
| Inter-charity loan (Note 12) | - | 75,000 |
| | <u>402,550</u> | <u>478,375</u> |

11 SHARE CAPITAL

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

12 RELATED AND ASSOCIATED PARTY TRANSACTIONS

Loans to sister charities

As described in the Trustees' Report and shown in note 6 the Charity loaned funds to Harvest Fields Homes and Quothquan Homes which are charitable companies (limited by guarantee) that are related as they have common trustees with this Charity. The amounts outstanding at the year end are disclosed in Note 6a. The loans were to assist with the acquisition of housing for rent on the Harvest Fields' development as referred to in the Trustees' Report. It charged an interest rate of 7% per annum on the outstanding build cost of those homes (nil on the land cost) and 3.7% per annum on the loan to Harvest Fields Homes (in 2012) and to Quothquan Homes (in 2013 – 2016). The interest charged was £11,501 (2019: £16,009) and £14,843 (2019: £19,145) respectively.

QUOTHQUAN TRUST

NOTES TO THE FINANCIAL STATEMENTS **For the year ended 31 December 2020**

Loan to subsidiary company

The Charity also loaned funds to Quothquan Limited, its wholly owned subsidiary, to enable it to continue its shared equity (ownership) scheme – see the Trustees report for more details. The amount outstanding at the year end is disclosed in Note 6a. The loan is interest free but it pays the whole of its profits to this Charity.

Other

The loan that the Charity received last year from a charity with a common trustee was repaid in full within the year.

The Charity has a personal loan from one of its trustees. At the year end, £120,000 (2019: £120,000) was outstanding. It is an interest free loan, not repayable upon demand and disclosed in these financial statements as a creditor (see Note 10).

The Charity has a personal loan from a related party. At the year end, £270,000 (2019: £270,000) was outstanding. This related party is the son of one of the trustees and brother of another and so it is noted here. It is an interest free loan, not repayable upon demand and disclosed in these financial statements as a creditor (see Note 10).

All of these loans were received to aid with the charity's cashflow and to meet its charitable objectives. The trustees intend to repay these loans as funds become available.