

Charity No. 1115626
Company No. 05619174

OPEN HANDS COVENTRY
(A company limited by guarantee)

TRUSTEES REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 MAY 2023

OPEN HANDS COVENTRY
Contents of Financial Statements
Year ended 31 May 2023

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OPEN HANDS COVENTRY

Year ended 31 May 2023

Report of the Trustees

The directors of Open Hands Coventry (“the charitable company”) are its Trustees for the purpose of charity law and throughout this report are collectively referred to as its Trustees. The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, and 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 (FRS102) (updated 1 January 2019).

The Trustees present the charitable company’s report and financial statements for the year ended 31 May 2023.

Objectives and Activities

The purposes of the charitable company, as set out in its Memorandum of Association are:

- The provision of suitable sheltered residential accommodation to enable persons in Coventry and Warwickshire who have successfully undergone primary treatment for addiction to alcohol-containing substances to further their rehabilitation following completion of their primary stage treatment;
- To assist recovering persons in Coventry and Warwickshire formerly addicted to alcohol and alcohol-containing substances to receive appropriate advice, information, counselling and other assistance in an appropriate residential environment.
- To relieve poverty and distress among persons in Coventry and Warwickshire who are recovering from alcoholism but who are not yet fully self-supporting; and
- To promote such other charitable purposes as may from time to time be determined.

The principal activities of the charitable company in the year under review was to benefit the public by promoting the prevention of alcohol misuse and the provision of a stable and supportive recovery house for people recovering from alcoholism (and the eventual rehabilitation of those people). We also provided an extended outreach to alcoholics and their families in the local community.

To further these objects/activities we have worked with local agencies to promote, where appropriate, an abstinent approach to problem drinking based on mutual aid, via the twelve-step recovery model. Our referral routes include drug and alcohol agencies, mental health services, general hospitals; GP surgeries and homeless organisations. Clients also self-referred.

In undertaking these activities, the trustees have had due regard to the general guidance published by the Charity Commission relating to public benefit.

Achievements and performance

We receive no social funding to provide a recovery programme for clients dealing with alcohol/ drug misuse disorder; neither do we charge our clients for this service. Operating revenue is mainly from rental income, residents' contributions, and a few public donations.

Generally, our client group are homeless or vulnerable men who wish to stop drinking and taking drugs and stay stopped. Many of our clients have other health issues, such as mental ill-health and physical impairments.

Our experience has shown that it takes several years for our particular client group to complete their rehabilitation programme and to experience improvements in their physical and mental health before moving on to other areas of their lives.

The central philosophy of our rehabilitation work is the Twelve-step recovery model. Since our foundation in 2006, our work is peer lead and epitomises the concepts of The Expert Patient Programme. Residents recover by mutual aid, sharing their experience, strength and hope with each other.

OPEN HANDS COVENTRY

Year ended 31 May 2023

The report of the Trustees continued.

Since December 2009, we have undertaken over 662 community alcohol detoxifications without incident or cost to the local health economy. Open Hands Coventry provides this as a free service to people on benefits or low incomes. We developed this service in collaboration with a local Consultant Psychiatrist specialising in addictions. The client's GP agrees to prescribe the required medication, and Open Hands Coventry facilitates the process in their supported accommodation. Open Hands Coventry estimates that providing this free service has saved the local health economy in the region £30,000 to £62,750 per year for the last 13 years.

Financial review

The charity's key financial objective is to ensure financial stability and continued solvency year on year to achieve its objectives and activities. For the financial period ended 31 May 2023 Open Hands Coventry recorded a deficit on unrestricted funds of £22,214 (2022: surplus of £8,707) and the new financial year begins with unrestricted funds of £125,947 (2022: £148,161).

The principal funding sources remain unchanged from prior years, with 69% of all income provided by residents' Housing Benefits (2022: 70%). The reliance on this income stream exposes the charity to the risk of adverse changes in Government benefits policy. The Trustees consider this to be the principal financial risk facing the charity. With that being said, the charity is currently undertaking a long-overdue re-assessment of the Housing Benefit rates for the move-on properties, which will increase the funding that the charity can generate. Although the Trustees have always been hesitant to seek such increases, particularly whilst the charity is in a healthy surplus generating position, they note the rising cost of living and gradual decrease in the charity's surplus over the years and therefore feel an increase in funding will secure the charities finances over the coming years.

The charity had to renew the five-year HMO licence for 16 Stoney Road, so we had to re-test the electrics throughout the property, renew the main electrical switchboard, and upgrade old wiring systems. New gas test criteria meant we had to discard our gas range and purchase an electric cooking range. These upgrades cost £8,200.

The new Coventry-wide change in HMO regulations meant we had to incur additional costs in applying for HMO licences, for two properties.

The reserve policy at the period end equates to approximately £100,871 (approximately 3 months running costs) but has been set at £105,000 to guard against the rising cost of living. The charity's free reserves at the year-end were £121,689. The charitable company is in a solid financial position to sustainably achieve its objectives and activities. The reserves policy will be reviewed each year.

During this reporting period, the charity migrated its accounts to a cloud-based solution, which has improved the ease of trustee access to financial information. Beginning in February 2022, the charity embarked on a project to systemise and digitise the back office function fully. Great strides have been made in this endeavour, allowing the administrative team to attach invoices and receipts to all bank and cashbook transactions, further improving transparency and ease of Trustee access to financial information. This project is key to the future health of the service and will continue to be developed in the coming years.

There has been a noticeable increase in the charity's expenditure due to the cost of living crisis, however the trustees forecast a deficit of less than £15k in the year to 31 May 2024, prior to any extraordinary costs. The charity has assembled a management team to take the service forward. That management team will comprise current, trusted residents, so the cost of training and mentorship will be minimal. Any spending over and above such costs (such as eventual salaries, as necessary) will be discussed, agreed upon, and budgeted by the Trustees. The cost savings of the current management team will offset such costs for at least the next 24 months.

The trustees, therefore, confirm that they expect the charity to be a going concern for at least the next 12 months.

OPEN HANDS COVENTRY

Year ended 31 May 2023

Report of the Trustees continued

Structure, Governance and Management

The charitable company was incorporated on 10 November 2005, registered as a charity on 31 July 2006 and commenced trading on 1 October 2006. Its Memorandum and Articles of Association govern the charitable company.

The Memorandum and Articles of Association require a minimum of 3 and a maximum of 10 Trustees, and the Archbishop of the Roman Catholic Diocese of Birmingham must appoint one Trustee.

The charitable company is managed by its Trustees. Mr J McCrea is also an employee of the charity and is responsible for the day-to-day running of the charity's services. He receives remuneration for the services provided as allowed for in the Memorandum and Articles of Association at a value equivalent to or less than the local market rate. A fellow Trustee, Rev. A Norton, is also paid for services provided to the charity, again at or below market rate. In the next financial year, Mr J McCrea will step away from the day-to-day operation of the charity. Mr J McCrea will remain in his position as a trustee and will still play an active role in the resident's recovery from alcohol addiction.

The charity intends to divide up elements of Mr J McCrea's role among a team of trusted service users. John McCrea will continue in an unpaid role to support the preparation of housing and other benefit applications to allow this core team to focus on the recovery and well-being of the service users. The charity will restructure the back-office function; the trustees believe that this project is key to securing the future health of the service and its residents.

Appointment of Trustees, Induction & Training

The charity is still undergoing a review of its governance and management structure. Ideally the charity would look to recruit trustees who are themselves in recovery from alcohol addiction; however the charity is finding it a challenge to find such individuals that are willing to take on the increasingly difficult role of a charity trustee. The procedures for trustee selection, induction and training will be considered as part of this review.

The medium-term future (the next four years) is uncertain. The charity's primary income is from rental charges and client contributions. This income is vulnerable because of the uncertain future of supported accommodation such as ours. Consequently, the charity is finding it a problem to recruit individuals willing to take on the increasingly demanding role of a charity trustee. Another barrier is that we expect our trustees (and specific volunteers) to have an enhanced DBS. We hope, however, to appoint another trustee in the next few months.

OPEN HANDS COVENTRY

Year ended 31 May 2023

Report of the Trustees continued

Reference and administrative details

Name:	Open Hands Coventry
Trustees:	Mr J S McCrea Rev A Norton Mr T Menezes
Charity Number:	1115626
Company Number:	05619174
Registered address:	Open Hands Coventry 16 Stoney Road Coventry CV1 2NP
Bankers:	Lloyds Bank High Street Coventry
Independent Examiner:	Karen Hanlan Karen Hanlan Independent Examiner Ltd 1 Saracen Close Ettington CV37 7SZ

Small company provisions

In preparing this report, the trustees have taken advantage of the small companies' exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the Trustees on 23 February 2024 and signed on their behalf by: -

J S McCrea
Director / Trustee

OPEN HANDS COVENTRY

Year ended 31 May 2023

Statement of Trustees' responsibilities

The Trustees (who are also directors of Open Hands Coventry Limited for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the 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;
- Prepare the financial statements on the going concern basis unless it is inappropriate to assume that the charity will continue in operation.

The trustees are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and to 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.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

OPEN HANDS COVENTRY

Year ended 31 May 2023

INDEPENDENT EXAMINERS REPORT TO THE TRUSTEES OF OPEN HANDS COVENTRY ('THE CHARITY')

I report to the charity trustees on my examination of the accounts of the Charity for the year ended 31 May 2023 which are set out on pages 7 to 13.

Responsibilities and basis of report

As the charity trustees of the Company (and also its directors for the purposes of company law) you are responsible for the preparation of the accounts in accordance with the requirements of the Companies Act 2006 ('the 2006 Act').

Having satisfied myself that the accounts of the Company are not required to be audited under Part 16 of the 2006 Act and are eligible for independent examination, I report in respect of my examination of your charity's accounts as carried out under section 145 of the Charities Act 2011 ('the 2011 Act'). In carrying out my examination I have followed the Directions given by the Charity Commission under section 145(5)(b) of the 2011 Act.

Independent examiner's statement

Since the Company's gross income exceeded £250,000 your examiner must be a member of a body listed in section 145 of the 2011 Act. I confirm that I am qualified to undertake the examination because I am a member of the Institute of Chartered Accountants in England and Wales, which is one of the listed bodies.

I have completed my examination. I confirm that no matters have come to my attention in connection with the examination giving me cause to believe:

- 1) accounting records were not kept in respect of the Company as required by section 386 of the 2006 Act;
or
- 2) the accounts do not accord with those records; or
- 3) the accounts do not comply with the accounting requirements of section 396 of the 2006 Act other than any requirement that the accounts give a 'true and fair view' which is not a matter considered as part of an independent examination; or
- 4) the accounts have not been prepared in accordance with the methods and principles of the Statement of Recommended Practice for accounting and reporting by charities applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102).

I have no concerns and have come across no matters in connection with the examination to which attention should be drawn in this report in order to enable a proper understanding of the accounts to be reached.

Karen Hanlan,

Date: 26th February 2024

Member of Institute of Chartered Accountants England & Wales
Karen Hanlan Independent Examiner Ltd
1 Saracen Close
Ettington
CV37 7SZ

OPEN HANDS COVENTRY

Year ended 31 May 2023

STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT)

	Note	2023	2022
		£	£
Income from:			
Donations and legacies	2	24,612	23,733
Charitable Activities	3	356,524	345,651
Investments - bank interest		134	5
Total Income		381,270	369,389
Expenditure on:			
Charitable activities	4	403,484	360,682
Total Expenditure		403,484	360,682
Net (Expenditure)/Income and Net Movement Funds in funds for the period		(22,214)	8,707
Reconciliation of funds:			
Total funds brought forward		148,161	139,454
Total funds carried forward		125,947	148,161

The statement of financial activities includes all gains and losses recognised in the year.
All income and expenditure derive from continuing activities and all funds are un-restricted.

OPEN HANDS COVENTRY
COMPANY NUMBER: 05619174

BALANCE SHEET
as at 31 May 2023

	Note	31 May 2023 £	31 May 2022 £
Fixed Assets			
Tangible fixed assets	5	4,258	6,659
Current Assets			
Debtors	7	20,698	20,832
Cash at bank and in hand		108,425	123,261
		<u>129,123</u>	<u>144,093</u>
Liabilities			
Creditors: amounts falling due within one year	8	(7,434)	(2,591)
		<u>122,689</u>	<u>141,502</u>
Net Current Assets		122,689	141,502
Net Assets		<u>125,947</u>	<u>148,161</u>
Funds of the charity			
Unrestricted funds		125,947	148,161
Restricted funds		-	-
Total charity funds		<u>125,947</u>	<u>148,161</u>

The accompanying accounting policies and notes form part of these financial statements.

For the year ended 31 May 2023 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

Responsibilities of directors/Trustees:

(a) The members have not required the charitable company to obtain an audit of its financial statements for the year in question in accordance with section 476 of the Companies Act 2006 - however, in accordance with section 145 of the Charities Act 2011 the financial statements have been examined by an independent examiner whose report appears on page 6.

(b) The directors/Trustees acknowledge their responsibility for complying with the requirements of the Companies Act with respect to accounting records and the preparation of accounts.

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

These financial statements were approved by the Directors on 23rd February 2024 and signed on their behalf by:

J S McCrea
Director / Trustee

OPEN HANDS COVENTRY

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 May 2023

1. Accounting Policies

Status of the company

The charitable company is limited by guarantee, is registered in England and Wales, and does not have share capital. The liability of members is limited to £1 per member.

Basis of preparation

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 (FRS102) (updated 1 January 2019) - (Charities SORP (FRS102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) and the Companies Act 2006.

Open Hands Coventry 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 note(s).

Going concern statement

The financial statements have been prepared on a going concern basis which assumes that the Charitable Company will continue to operate. The validity of this assumption is dependent upon the continuance of support from the Charitable Company's key funders and in response to the progress made by the Charitable Company in pursuing a viable budget. The Charitable Company's current business plan shows that the Charitable Company will be able to operate in the foreseeable future. Based on this understanding, the trustees believe that it remains appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments, which would result from the basis of preparation being inappropriate.

Funds

Unrestricted funds are available to spend on activities that further any of the purposes of charity. Designated funds are unrestricted funds of the charity which the trustees have decided at their discretion to set aside to use for a specific purpose. Restricted funds are donations and grants subject to conditions imposed by the provider or by specific terms of the appeal under which the funds were raised. The restrictive conditions are binding upon the Charitable Company.

Income

Income is recognised when the charitable company has entitlement to the funds, any performance conditions attached to the item(s) of income have been met, it is probable that the income will be received, and the amount can be measured reliably.

Income relating to future periods, as a result of donor-imposed conditions specifying the time period, has been treated as deferred income.

Income dependent on certain conditions, amounting to more than mere administrative requirements, is recognised when the conditions have been fulfilled.

Donated services and facilities

Donated professional services and donated facilities are recognised as income when the charity has control over the item, any conditions associated with the donated item have been met, the receipt of economic benefit from the use by the charitable company of the item is probable and the economic benefit can be measured reliably. In accordance with the Charities SORP FRS102, general volunteer time is not recognised.

On receipt, donated professional services and donated facilities are recognised on the basis of the value of the gift to the charitable company which is the amount the charitable company would have been willing to pay to obtain the services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

OPEN HANDS COVENTRY
NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 May 2023

1. Accounting Policies (*continued*)

Interest receivable

Bank interest is shown on the basis of amounts receivable in the year.

Expenditure

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charitable company to the expenditure. All expenditure is accounted for on an accruals basis.

Tangible fixed assets

Depreciation is provided at a rate calculated to write off the cost over a period of less than the estimated useful life of the assets as follows:

Office equipment & furniture	25% reducing balance
Computer equipment	33% straight line
Motor vehicle	25% straight line

Only fixed asset purchases above £500 are capitalised.

Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand and short-term deposits repayable on within a three-month notice period.

Debtors

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

Creditors

Creditors are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably.

Taxation

As a registered charity no provision is considered necessary for taxation.

Leasing commitments

Rentals paid under operating leases are charged to the profit and loss account on a straight-line basis over the period of the lease.

OPEN HANDS COVENTRY
NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 May 2023

2. Income from donations and legacies

	2023	2022
	£	£
Donations	11,612	10,733
Gifts-in-kind – rent for main house	13,000	13,000
	24,612	23,733

3. Income from charitable activities

	2023	2022
	£	£
Housing benefit payments	262,533	258,554
Contributions from organisations	41,590	48,635
Contributions from beneficiaries	52,401	38,462
	356,524	345,651

4. Expenditure on charitable activities

	2023	2022
	£	£
Volunteers expenses	5,480	6,890
Repairs, maintenance & equipment	37,329	32,436
Costs of running supported accommodation	254,555	232,138
Support payments to beneficiaries	15,569	16,948
Education and counselling support	8,254	7,706
Costs of managing the organisation (including staff costs)	66,626	48,477
Motor expenses and travel	11,376	10,277
Depreciation	2,401	3,519
Professional fees	394	791
Independent Examination (incl. £350 for accountancy services)	1,500	1,500
	403,484	360,682

OPEN HANDS COVENTRY

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 May 2023

5. Tangible Fixed Assets

	Equipment £	Motor Vehicle £	Total £
Cost	9,520	31,506	41,026
At beginning of year			
Additions	-	-	-
Disposals	-	-	-
	<hr/>	<hr/>	<hr/>
At end of year	9,520	31,506	41,026
	<hr/>	<hr/>	<hr/>
Depreciation			
At beginning of year	9,520	24,847	34,367
Charge for the year	-	2,401	2,401
	<hr/>	<hr/>	<hr/>
At end of year	9,520	27,248	36,768
	<hr/>	<hr/>	<hr/>
Net Book Value			
At 31 May 2023	-	4,258	4,258
	<hr/>	<hr/>	<hr/>
At 31 May 2022	-	<u>6,659</u>	<u>6,659</u>
	<hr/>	<hr/>	<hr/>

6. Staff Costs

	2023 £	2022 £
Wages and salaries	32,550	32,550
National insurance	3,236	-
HMRC liability from previous years	<u>9,576</u>	<u>-</u>
	45,362	32,550
	<hr/>	<hr/>

There was one employee during the period (2022 – One).

No employee received remuneration of £60,000 or more.

Over the year to 31 May 2023 Mr J S McCrea received remuneration totalling £32,550 (2022: £32,550) and Rev A Norton received payments totalling £2,948 (2022: £4,120). Both are Trustees of the charity & received remuneration for services provided in managing the charity, not for their service as Trustees.

Payments were made in accordance with the Charitable Company's Memorandum and Articles of Association.

OPEN HANDS COVENTRY

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 May 2023

Over the year to 31 May 2023, two trustees of the charity were reimbursed travelling expenses totalling £3,683 (2022: £1,562). Such expenses are only reimbursed to trustees for travel and other costs relating to the day-to-day operation of the charity.

7. Debtors

	2023	2022
	£	£
Deposits receivable	8,675	9,350
Loans receivable	259	355
Prepayments	1,974	1,581
Accrued income	9,790	9,499
Other debtors	-	47
	<hr/>	<hr/>
	20,698	20,832
	<hr/>	<hr/>

8. Creditors: Amounts falling due within one year

	2023	2022
	£	£
Social Security and Other Taxes	4,998	400
Accruals	2,436	2,191
	<hr/>	<hr/>
	7,434	2,591
	<hr/>	<hr/>

9. Operational Premises

The company operates from premises owned by the Catholic Archdiocese of Birmingham on a rent free basis, an estimate of the rent that would be payable at market rates is included as a gift in kind.

10. Related party transactions

In addition to payments to Trustees as detailed in note 6, the following related party transactions are noted:

Trustee Rev Timothy Menezes is also a Trustee of the Birmingham Diocesan Trust who own the premises at Stoney Road which are provided free of charge to the charity to provide supported accommodation to its clients. The value of this 'gift in kind' has been included in these accounts (see note 9).

11. Controlling interests

The charity is controlled by the Trustees.