

Company registration number: 07219977

Charity registration number: 1138346

Harrogate Skills 4 Living Centre

(A company limited by guarantee)

Annual Report and Financial Statements

for the Year Ended 31 August 2020

DSC Accountants Limited
Chartered Accountants & Registered Auditors
Tattersall House
East Parade
Harrogate
HG1 5LT

Harrogate Skills 4 Living Centre

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Harrogate Skills 4 Living Centre

Reference and Administrative Details

Chief Executive Officer H A Moorby-Davies

Trustees

Miss JC Oliver
C H Jones
T R Lincoln
B Marsden (resigned 15 April 2020)
Mrs M B King
W R F Gosling
D T Handslip

Principal Office

9 North Park Rd
Harrogate
North Yorkshire
HG1 5PD

The charity is incorporated in England and Wales.

Company Registration Number 7219977

Charity Registration Number 1138346

Auditor

DSC Accountants Limited Chartered Accountants & Registered Auditors
Tattersall House
East Parade
Harrogate
HG1 5LT

Harrogate Skills 4 Living Centre

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 August 2020.

Structure, governance and management

Harrogate Skills 4 Living Centre is a Company limited by guarantee, company number 07219977 and a registered Charity governed by its Memorandum and Articles of Association, charity number 1138346.

The Directors of the charitable company ("the charity") are its trustees for the purpose of charity law and throughout this report are collectively referred to as the Trustees. As set out in the Articles of Association the Company shall have a Board of Trustees comprising not less than six and not more than twelve persons. The chairman is appointed by the Trustees from their own number. The Trustees, who are also the directors for the purpose of company law, who served during the year are listed in the Reference and Administrative Details. The Trustees meet regularly to administer the charity.

The charity has reviewed its major risks during the year and systems have been established to manage those risks.

Objectives and activities

In setting our objectives and planning our activities the Trustees have given careful consideration to the Charity Commission's general guidance on public benefit and in particular to its supplementary public benefit guidance on the relief of those in need and the advancement of education. The objectives of the Charity are:

"TO RELIEVE THE NEEDS OF ADULTS IN THE HARROGATE AND SURROUNDING AREA WITH LEARNING DIFFICULTIES AND DISABILITIES IN SUCH WAYS AS THE DIRECTORS SHALL THINK FIT; IN PARTICULAR BUT NOT EXCLUSIVELY BY PROVIDING EDUCATION AND TRAINING, SUPPORT, INFORMATION AND ADVICE AND SOCIAL ACTIVITIES TO IMPROVE THEIR CONDITIONS OF LIFE SO THAT THEY MAY PARTICIPATE MORE FULLY IN THEIR COMMUNITY"

This is translated into our mission statement:

"To reduce inequalities and overcome barriers that will enable the people we support to lead fulfilled lives"

To achieve this HS4LC provides a range of services for adults with a learning disability autism designed to meet their needs. Currently these incorporate, two residential care homes, an accredited adult education centre which provides a wide range of learning pathways and supported employment services.

HS4LC did not carry out significant funding activities during the year.

Foreword from the CEO

The financial reporting period 1st September 2019 to 31st August 2020 became a story of two-halves quite like no other. Business as usual for the first 7 months followed by the 1st national lockdown due to the pandemic, for the remaining 5 months.

Business as usual saw our supported interns enjoying a range of work placements with local employers such as Covance, Tech-buyer and Compass (Army Foundation College); development of our first social enterprise – the Harrogate Chocolate Factory; delivery of a broad range of meaningful day-skills activities; and whatever daily life brought for our residents.

As we all now know, everything changed in March 2020; day-services closed; interns placements stopped and all learning became virtual (immediately); the official launch of our social enterprise was cancelled; and residents stayed home without visitors being allowed.

Staff responded to the new normal with one priority foremost – to protect our vulnerable beneficiaries by all possible means. Infection Prevention and Control became the guiding principle – one that was already well ingrained.

Harrogate Skills 4 Living Centre

Trustees' Report

I'm delighted to be able to report that Coronavirus did not enter either of our homes and although several staff caught the virus, measures in place quickly picked up and contained the infection before it managed to spread. Whilst our day-services re-opened in July, numbers remained lower as individuals pieced their sometimes fragile lives back together; a legacy that will doubtless remain with us all for some time. However, amidst all the change and continuing uncertainty I am relieved that we have been able to maintain a healthy financial picture and confident that we will continue to weather the storms ahead as we build back better and stronger.

Services

Both of our Care Homes now hold the respected "Excellence in Care" award, acknowledging the quality of care we provide and the hard work behind this.

Covid has affected, significantly, our Employment and training delivery but good contingency planning has allowed us and our external partners to maintain services, albeit in different form. Development of our in-house Chocolatier enterprise has provided valuable learning and work experience, here.

Financial Review

We are pleased to report that there has been an increase in total charity funds this year from £1,013,000 in 2019 to £1,180,427 in 2020, despite the costs of depreciation and loan finance charges. Total funds includes £869,135 Unrestricted funds and £311,292 Restricted funds.

Our overall position remains healthy, the variety of our funding sources mirroring the growing diversity of service provision. Reserves are sound and reflect our agreed policy. The uncertainty arising in the second half of the year, prompting necessary but unforeseen adjustments to service delivery and planned expansion, confirms the validity of our approach.

Plans for future periods

Future planning for HS4LC has to be put into the context of our current position as the government eases restrictions on everybody post the Covid-19 pandemic. Our key aims having shifted focus to a more preventative model of care and support where our beneficiaries' safety, health and wellbeing are more explicitly front and centre.

We are nearing the end of our 2018 -2021 strategic business plan in which we focused on the development of our Skills Bridge employment and education programmes alongside starting-up two new social enterprises.

Over the coming months as we prepare our business plans for the next 18 months, recognising the uncertainty that a post pandemic world holds, we will largely be consolidating our most recent developments and gauging the demand for our services going forwards.

It's clear that our beneficiaries have been affected more than the general public by Covid-19 and that the inequalities they experience have been exacerbated in many instances. Health and social care is now under the spotlight more than ever and HS4LC will engage in discourse to highlight these inequalities and raise the voice of beneficiaries wherever possible. HS4LC will provide appropriate care and support services wherever there is a desire and need whilst endeavouring not to create dependencies but, rather promoting; independence, inclusion and wellbeing.

Harrogate Skills 4 Living Centre

Trustees' Report

Trustees

Trustees are recruited by various means such as, by placing of an advert on a website designed for recruiting Trustees, through our own networks or via other social media platforms.

Trustees are selected due to their business experience and have generally held or continue to hold senior or executive level roles across a range of both public and private sector organisations. They are required to remain up to date with sector developments and undergo regular training in specific areas such as safeguarding and GDPR.

Thanks

Thank you this year to:

IGEN Trust

Forbes Charitable Foundation

Harrogate Borough Council

Clothworkers Foundation

HS4LC are most grateful to all our supporters, volunteers and benefactors who recognise the value of the work we do and we will continue to support our beneficiaries to lead healthy, happy and fulfilled lives by providing choices and opportunities that will lead to positive outcomes and personal well-being.

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.

The annual report was approved by the trustees of the charity on 24th May 2021 and signed on its behalf by:

A handwritten signature in blue ink, appearing to read 'JC Oliver', is written over a horizontal dotted line.

JC Oliver
Trustee

Harrogate Skills 4 Living Centre

Statement of Trustees' Responsibilities

The trustees (who are also the directors of Harrogate Skills 4 Living Centre 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 24th May 2021 and signed on its behalf by:



J Oliver
Trustee

Harrogate Skills 4 Living Centre

Independent Auditor's Report to the Members of Harrogate Skills 4 Living Centre

Opinion

We have audited the financial statements of Harrogate Skills 4 Living Centre (the 'charity') for the year ended 31 August 2020, 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).

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.

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 August 2020 and of its results 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.

Harrogate Skills 4 Living Centre

Independent Auditor's Report to the Members of Harrogate Skills 4 Living Centre

Conclusions relating to going concern

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

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

Other information

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

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

We have nothing to report in this regard.

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.

Harrogate Skills 4 Living Centre

Independent Auditor's Report to the Members of Harrogate Skills 4 Living Centre

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 5], 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.

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.

Harrogate Skills 4 Living Centre

Independent Auditor's Report to the Members of Harrogate Skills 4 Living Centre

- 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.

Use of our report

This report is made solely to the company's members, 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 company's members 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.'



.....
Graham French (Senior Statutory Auditor)

For and on behalf of DSC Accountants Limited Chartered Accountants & Registered Auditors, Statutory Auditor

Tattersall House
East Parade
Harrogate
HG1 5LT
Date:

Harrogate Skills 4 Living Centre

Statement of Financial Activities for the Year Ended 31 August 2020 (Including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Note	Unrestricted funds £	Restricted funds £	Total 2020 £
Income and Endowments from:				
Donations and legacies	3	26,403	51,696	78,099
Charitable activities	4	1,724,697	-	1,724,697
Total Income		<u>1,751,100</u>	<u>51,696</u>	<u>1,802,796</u>
Expenditure on:				
Charitable activities	5	(1,515,624)	-	(1,515,624)
Other expenditure	6	(81,170)	(38,575)	(119,745)
Total Expenditure		<u>(1,596,794)</u>	<u>(38,575)</u>	<u>(1,635,369)</u>
Net income		<u>154,306</u>	<u>13,121</u>	<u>167,427</u>
Net movement in funds		154,306	13,121	167,427
Lifting of Restricted Funds	16	-	-	-
Reconciliation of funds				
Total funds brought forward		714,829	298,171	1,013,000
Total funds carried forward	16	<u>869,135</u>	<u>311,292</u>	<u>1,180,427</u>
	Note	Unrestricted funds £	Restricted funds £	Total 2019 £
Income and Endowments from:				
Donations and legacies	3	1,780	36,312	38,092
Charitable activities	4	1,560,680	-	1,560,680
Total Income		<u>1,562,460</u>	<u>36,312</u>	<u>1,598,772</u>
Expenditure on:				
Charitable activities	5	(1,428,026)	-	(1,428,026)
Other expenditure	6	(57,883)	(37,124)	(95,007)
Total Expenditure		<u>(1,485,909)</u>	<u>(37,124)</u>	<u>(1,523,033)</u>
Net income		<u>76,551</u>	<u>(812)</u>	<u>75,739</u>
Net movement in funds		76,551	(812)	75,739
Lifting of Restricted Funds	16	340,805	(340,805)	-
Reconciliation of funds				
Total funds brought forward		297,473	639,788	937,261
Total funds carried forward	16	<u>714,829</u>	<u>298,171</u>	<u>1,013,000</u>

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

The funds breakdown for 2020 is shown in note 16.

Harrogate Skills 4 Living Centre
(Registration number: 07219977)
Balance Sheet as at 31 August 2020

	Note	2020 £	2019 £
Fixed assets			
Intangible assets	11	166,654	187,486
Tangible assets	12	1,335,055	1,212,527
		<u>1,501,709</u>	<u>1,400,013</u>
Current assets			
Debtors	13	44,011	29,940
Cash at bank and in hand		536,281	410,610
		<u>580,292</u>	<u>440,550</u>
Creditors: Amounts falling due within one year	14	<u>(244,897)</u>	<u>(141,194)</u>
Net current assets/(liabilities)		<u>335,395</u>	<u>299,356</u>
Total assets less current liabilities		1,837,105	1,699,369
Creditors: Amounts falling due after more than one year	15	(656,678)	(686,369)
Net assets		<u>1,180,427</u>	<u>1,013,000</u>
Funds of the charity:			
Restricted funds		311,292	298,171
Unrestricted funds		869,135	714,829
Total funds	16	<u>1,180,427</u>	<u>1,013,000</u>

The financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies

The financial statements on pages 10 to 23 were approved by the trustees, and authorised for issue on 24th May 2021 and signed on their behalf by:



J Oliver
Trustee

Harrogate Skills 4 Living Centre

Statement of Cash Flows for the Year Ended 31 August 2020

	Note	2020 £	2019 £
Cash flows from operating activities			
Net cash income		167,427	75,739
Adjustments to cash flows from non-cash items			
Depreciation	6	53,921	46,462
Amortisation	6	20,832	20,832
		<u>242,180</u>	<u>143,033</u>
Working capital adjustments			
Decrease/(increase) in debtors	13	(14,071)	(10,597)
(Decrease)/increase in creditors	14	100,417	12,470
Net cash flows from operating activities		<u>328,526</u>	<u>144,906</u>
Cash flows from investing activities			
Purchase of tangible fixed assets	12	(176,450)	(57,291)
Sale of tangible fixed assets		-	330
Net cash flows from investing activities		<u>(176,450)</u>	<u>(56,961)</u>
Cash flows from financing activities			
Increase/(decrease) in loans and borrowings	14	(26,405)	(26,605)
Net increase in cash and cash equivalents		125,671	61,340
Cash and cash equivalents at 1 September		410,610	349,270
Cash and cash equivalents at 31 August		<u>536,281</u>	<u>410,610</u>
Reconciliation of net cash flow to movement in net funds			
Increase in cash		125,671	61,340
Cash (inflow)/outflow from drawdown/repayment of loans		26,405	26,605
Change in net (debt)/funds resulting from cash flows		152,076	87,945
Net debt at 1 September 2019		(303,306)	(391,251)
Net debt at 31 August 2020		<u>(151,230)</u>	<u>(303,306)</u>

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

Harrogate Skills 4 Living Centre

Notes to the Financial Statements for the Year Ended 31 August 2020

1 Charity status

The charity is a charity, incorporated in England and Wales, limited by guarantee and consequently does not have share capital.

The address of its registered office is:

9 North Park Road
Harrogate
North Yorkshire
HG1 5PD

Each of the trustees is liable to contribute an amount not exceeding £Nil towards the assets of the charity in the event of liquidation.

The accounts are presented in Sterling (GBP).

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 2019) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Basis of preparation

Harrogate Skills 4 Living Centre 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.

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.

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.

Harrogate Skills 4 Living Centre

Notes to the Financial Statements for the Year Ended 31 August 2020

Grants receivable

Grants received are declared as income in the period of receipt, unless they relate specifically to a purpose in a later period.

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.

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.

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 £100.00 or more are initially recorded at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Amortisation

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

Asset class	Amortisation method and rate
Goodwill	14 years straight line

Depreciation

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
Freehold Building	2% Straight line
Leasehold Improvements	7.5% Straight line
Fixtures and fittings	15% Reducing balance
Office Equipment	25% Reducing balance
Plant and machinery	25% Reducing balance

Harrogate Skills 4 Living Centre

Notes to the Financial Statements for the Year Ended 31 August 2020

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

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

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.

Harrogate Skills 4 Living Centre

Notes to the Financial Statements for the Year Ended 31 August 2020

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.

Debt instruments

Debt instruments which meet the following conditions are subsequently measured at amortised cost using the effective interest method:

- (a) The contractual return to the holder is (i) a fixed amount; (ii) a positive fixed rate or a positive variable rate; or (iii) a combination of a positive or a negative fixed rate and a positive variable rate.
- (b) i The contract may provide for repayments of the principal or the return to the holder (but not both) to be linked to a single relevant observable index of general price inflation of the currency in which the debt
- (c) The contract may provide for a determinable variation of the return to the holder during the life of the instrument, provided that (i) the new rate satisfies condition (a) and the variation is not contingent on future events other than (1) a change of a contractual variable rate; (2) to protect the holder against credit deterioration of the issuer; (3) changes in levies applied by a central bank or arising from changes in relevant taxation or law; or (ii) the new rate is a market rate of interest and satisfies condition (a).
- (d) There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current period or prior periods.

Harrogate Skills 4 Living Centre

Notes to the Financial Statements for the Year Ended 31 August 2020

Debt instruments (continued)

- (e) Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are not contingent on future events, other than to protect the holder against the credit deterioration of the issuer or a change in control of the issuer, or to protect the holder or issuer against changes in levies applied by a central bank or arising from changes in relevant taxation or law.
- (f) Contractual provisions may permit the extension of the term of the debt instrument, provided that the return to the holder and any other contractual provisions applicable during the extended term satisfy the conditions of paragraphs (a) to (c).

Debt instruments that are classified as payable or receivable within one year on initial recognition and which meet the above conditions are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

With the exception of some hedging instruments, other debt instruments not meeting these conditions are measured at fair value through profit or loss.

Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

3 Income from donations and legacies

	Unrestricted funds		Total	Total
	General	Restricted funds	2020	2019
	£	£	£	£
Donations and legacies;				
Donations from individuals and other organisations	26,403	51,696	78,099	38,092
	<u>26,403</u>	<u>51,696</u>	<u>78,099</u>	<u>38,092</u>

Included in Restricted Funds income are grants of £25,000 awarded for the purpose of supported employment and £26,696 for the purpose of infection control.

There are no unfulfilled conditions or contingencies attached to these grants.

4 Income from charitable activities

	Unrestricted funds			Total	Total
	General	Other income	Restricted funds	2020	2019
	£	£	£	£	£
Charitable income;					
Sales of goods and services	1,682,102	42,595	-	1,724,697	1,560,680
	1,682,102	42,595	-	1,724,697	1,560,680

HS4LC received grant income from the Government of £42,595 from the Coronavirus Job Retention Scheme. HS4LC received no further government grant income.

Harrogate Skills 4 Living Centre

Notes to the Financial Statements for the Year Ended 31 August 2020

5 Expenditure on charitable activities

	Activity undertaken directly	Activity support costs	Total 2020	Total 2019
	£	£	£	£
Consumable resources	83,346	-	83,346	136,422
Wages and salaries	836,400	301,198	1,137,598	1,003,952
Rent and rates	48,000	116,038	164,038	181,161
Office expenses	-	100,666	100,666	75,574
Loan interest	-	26,376	26,376	27,316
	<u>967,746</u>	<u>544,278</u>	<u>1,512,024</u>	<u>1,424,425</u>

In addition to the expenditure analysed above, there are also governance costs of £3,600 (2019 - £3,600) which relate directly to charitable activities. See note 7 for further details.

6 Other expenditure

	Unrestricted funds General	Restricted funds	Total 2020	Total 2019
	£	£	£	£
Depreciation, amortisation and other similar costs	74,753	-	74,753	67,295
Other resources expended	6,417	38,575	44,992	27,712
	<u>81,170</u>	<u>38,575</u>	<u>119,745</u>	<u>95,007</u>

7 Analysis of governance and support costs

Governance costs

	Total 2020	Total 2019
	£	£
Auditors Fees	3,600	3,600
	<u>3,600</u>	<u>3,600</u>

8 Trustees remuneration and expenses

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

Miss JC Oliver

Miss JC Oliver received remuneration of £23,892 (2019: £22,156) during the year.

Pension contributions of £2,096 (2019: £1,748) were made on behalf of Miss Oliver during the year.

Miss Oliver is an employee of the charity, the Day Centre manager, and her payments were made in accordance with the governing document of the charity.

There were no trustee expenses incurred in the year.

Harrogate Skills 4 Living Centre

Notes to the Financial Statements for the Year Ended 31 August 2020

9 Staff costs

The aggregate payroll costs were as follows:

	2020 £	2019 £
Staff costs during the year were:		
Wages and salaries	1,056,288	924,606
Social security costs	59,020	64,292
Pension costs	22,290	15,054
	<u>1,137,598</u>	<u>1,003,952</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:

	2020 No	2019 No
Employees	<u>63</u>	<u>56</u>

63 (2019 - 56) of the above employees participated in the Defined Contribution Pension Schemes.

Contributions to the employee pension schemes for the year totalled £22,678 (2019 - £15,037).

Pension contributions of £2,155 (2019: £1,183) were paid on behalf of Key Management Personnel during the year.

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 £53,401 (2019 - £50,665).

10 Taxation

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

11 Intangible fixed assets

	Goodwill £	Total £
Cost		
At 1 September 2019	291,645	291,645
Additions		
At 31 August 2020	<u>291,645</u>	<u>291,645</u>
Amortisation		
At 1 September 2019	104,159	104,159
Charge for the year	20,832	20,832
At 31 August 2020	<u>124,991</u>	<u>124,991</u>
Net book value		
At 31 August 2020	<u>166,654</u>	<u>166,654</u>
At 31 August 2019	<u>187,486</u>	<u>187,486</u>

Goodwill arises on the purchase of Brackenley care home. It is a leased business. The assets and contracts were purchased.

Harrogate Skills 4 Living Centre

Notes to the Financial Statements for the Year Ended 31 August 2020

12 Tangible fixed assets

	Land and buildings	Furniture and equipment	Total
	£	£	£
Cost			
At 1 September 2019	1,221,028	180,687	1,401,715
Additions	135,896	40,554	176,450
Disposals	-	-	-
At 31 August 2020	<u>1,356,924</u>	<u>221,241</u>	<u>1,578,165</u>
Depreciation			
At 1 September 2019	98,236	90,953	189,189
Charge for the year	27,694	26,227	53,921
Eliminated on disposals	-	-	-
At 31 August 2020	<u>125,930</u>	<u>117,180</u>	<u>243,110</u>
Net book value			
At 31 August 2020	1,230,994	104,061	1,335,055
At 31 August 2019	<u>1,122,792</u>	<u>89,734</u>	<u>1,212,526</u>

Included within the net book value of land and buildings above is £1,223,694 (2019 - £1,113,954) in respect of freehold land and buildings and £7,300 (2019 - £8,058) in respect of leaseholds.

13 Debtors

	2020	2019
	£	£
Trade debtors	9,671	14,018
Prepayments	24,485	15,269
Other debtors	9,855	653
	<u>44,011</u>	<u>29,940</u>

14 Creditors: amounts falling due within one year

	2020	2019
	£	£
Bank loans	30,832	27,547
Trade creditors	35,329	12,604
Other taxation and social security	25,031	20,490
Other creditors	35,116	25,864
Accruals	118,589	54,689
	<u>244,897</u>	<u>141,194</u>

Harrogate Skills 4 Living Centre

Notes to the Financial Statements for the Year Ended 31 August 2020

Creditors due within one year includes the following liabilities, on which security has been given by the charity:

	2020	2019
	£	£
Charity Bank	<u>30,832</u>	<u>27,547</u>

The loan is secured on the buildings on East Parade and North Park Road.

	2020
	£
Deferred income at 1 September 2019	44,030
Resources deferred in the period	102,852
Amounts released from previous periods	(44,030)
Deferred income at 31 August 2020	<u>102,852</u>

Grant income received during the year that relates to the following period has been deferred and is included in accruals.

15 Creditors: amounts falling due after one year

	2020	2019
	£	£
Bank loans	<u>656,678</u>	<u>686,369</u>

Creditors amounts falling due after more than one year includes the following liabilities, on which security has been given by the charity:

	2020	2019
	£	£
Charity Bank	<u>656,678</u>	<u>686,369</u>

The loan is secured on the buildings on East Parade and North Park Road.

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

Borrowings due after five years

Included within long term creditors is a loan from Charity Bank of £687,510 repayable by 220 monthly installments of £4,266

Interest is charged at a rate of 3% above Bank of England Base Rate

The amount payable after five years is £545,259

16 Related Party Transactions

There were no related party transactions in the year.

Harrogate Skills 4 Living Centre

Notes to the Financial Statements for the Year Ended 31 August 2020

17 Funds

	Balance at 1 September 2019 £	Incoming resources £	Resources expended £	Restriction Lifted £	Balance at 31 August 2020 £
Unrestricted funds					
General	(714,829)	(1,751,100)	1,596,794	-	(869,135)
Restricted funds	(298,171)	(51,696)	38,575	-	(311,292)
Total funds	<u>(1,013,000)</u>	<u>(1,802,796)</u>	<u>1,635,369</u>	<u>-</u>	<u>(1,180,427)</u>

	Balance at 1 September 2018 £	Incoming resources £	Resources expended £	Restriction Lifted £	Balance at 31 August 2019 £
Unrestricted funds					
General	(297,473)	(1,562,460)	1,485,909	(340,805)	(714,829)
Restricted funds	(639,788)	(36,312)	37,124	340,805	(298,171)
Total funds	<u>(937,261)</u>	<u>(1,598,772)</u>	<u>1,523,033</u>	<u>-</u>	<u>(1,013,000)</u>

18 Analysis of net assets between funds

	Unrestricted funds £	Restricted funds £	Total funds £
Intangible fixed assets	166,654	-	166,654
Tangible fixed assets	1,327,755		1,327,755
Current assets	276,300	311,292	587,592
Current liabilities	(244,896)	-	(244,896)
Creditors over 1 year	(656,678)	-	(656,678)
Total net assets	<u>869,135</u>	<u>311,292</u>	<u>1,180,427</u>

19 Analysis of net funds

	Balance at 1 September 2019 £	Cash flow £	Balance at 31 August 2020 £
Cash at bank and in hand	410,610	125,671	536,281
Debt due within one year	(27,547)	(3,285)	(30,832)
Debt due after more than one year	(686,369)	29,691	(656,678)
Net debt	<u>(303,306)</u>	<u>152,077</u>	<u>(151,229)</u>