
THE CARPENTER'S ARMS (MIDLANDS) TRUST
(A company limited by guarantee)

TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

THE CARPENTER'S ARMS (MIDLANDS) TRUST
(A company limited by guarantee)

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THE CARPENTER'S ARMS (MIDLANDS) TRUST
(A company limited by guarantee)

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE COMPANY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 30 JUNE 2023**

Trustees

Judith Spence
Joan Smidowicz
Gerhard Schulz
Timothy Monaghan

Company registered number

07649974

Charity registered number

1147791

Registered office

The Carpenters Arms
Wharncliffe Road
Loughborough
Leicestershire
LE11 1SL

Independent auditors

Baldwin Scofield Ltd
Chartered Accountants
Statutory auditors
3 Newhouse Business Centre
Old Crawley Road
Horsham
West Sussex
RH12 4RU

Bankers

NatWest Bank plc
Northgate
Hunstanton
Norfolk
PE36 6BB

THE CARPENTER'S ARMS (MIDLANDS) TRUST
(A company limited by guarantee)

TRUSTEES' REPORT
FOR THE YEAR ENDED 30 JUNE 2023

The Trustees present their annual report together with the audited financial statements of the Company for the 1 July 2022 to 30 June 2023. The annual report serves the purposes of both a Trustees' report and a directors' report under company law. The Trustees confirm that the annual report and financial statements of the charitable company comply with the current statutory requirements, the requirements of the charitable company's governing document and the provisions of the Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2019).

Since the Company qualifies as small under section 382 of the Companies Act 2006, the strategic report required of medium and large companies under the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 has been omitted.

Objectives and activities

● **Policies and objectives**

The Carpenter's Arms is a Christian organisation that helps men who are challenged by homelessness and have drug and alcohol addiction.

In setting objectives and planning for activities, the Trustees have given due consideration to general guidance published by the Charity Commission relating to public benefit, including the guidance 'Public benefit: running a charity (PB2)'.

● **Strategies for achieving objectives**

The main strategy is for the individual to recognize the root cause of their addiction and for their key-worker and any other appropriate person to work with them to find a better way to manage similar situations in the future.

● **Activities undertaken to achieve objectives**

The charity will provide structured group sessions around a syllabus five days a week as well as weekly one-on-one sessions. Regular risk assessments and reviews are undertaken. Working in partnership with local employers, back to work skills, interviews and trials are also organised for clients where possible. During this financial year we delivered more than 1,500 hours of group sessions and 3600 hours of weekly one-on-one sessions.

A balanced lifestyle includes gym, work parties, cooking, football, self-care, volunteering and the like.

● **Grant-making policies**

The Trustees consider grant making an effective means of supporting charities with similar objects if there is a need for funding and surplus funds are available.

● **Volunteers**

A number of volunteers are engaged with servicing the charity in various capacities. The number varies but averages around 12.5 FTE. During this financial year more than 23600 voluntary hours were completed onsite.

Volunteers receive an induction training including confidentiality briefing. Any drivers will be assessed on their capability. Teaching volunteers require credentials, DBS and then induction training and supervision whilst in the early stage of their volunteering. Cooking, administration and others are given different training ensuring that they are conversant with the resident's needs and able to communicate effectively with them.

THE CARPENTER'S ARMS (MIDLANDS) TRUST
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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2023

Objectives and activities (continued)

● **Main activities undertaken to further the Company's purposes for the public benefit**

The Carpenters Arms is a Christian abstinence based residential programme for men aged 18-65 and challenged with homelessness due to an addictive lifestyle.

We have three phases to the programme and each phase has its own location and purpose:

Phase 1: Admission, carried out in the 12 bed Loughborough centre and 12 bed Flaxley centre where residents are supported whilst they withdraw from the effects of addiction.

Phase 2: The main programme, carried out between the 29 bed Six Hills centre. This is where stabilisation takes place through one-on-one and group sessions.

Phase 3: Move on, carried out in multiple 5-6 bed houses across Charnwood and North West Leicestershire where residents live in a house with one staff member who helps them adjust to more independent living.

The vision for the charity is to see broken lives made new through Christ, and the charity is overtly Christian. We have come to see that Christian principles are intrinsic to recovery from addiction. Whilst no applicants or residents need to be Christian, there is a requirement to respect the Christian ethos.

All the staff are committed to helping them find recovery from addiction. We recognise that recovery is the resident's responsibility but the charity will do all it can to support them in this.

THE CARPENTER'S ARMS (MIDLANDS) TRUST
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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2023

Achievements and performance

• **Main achievements of the Company**

Referrals: During this period the programme received 974 applications through our online portal directly to the referrals team. These nationwide applications varied in ethnic and faith background, with varying levels of criminal history and different styles of support network available.

Admissions: From these 371 admissions were selected after interview and risk assessment process to fill vacancies throughout the year. 63 of these 371 cancelled their application pre-admission. Our final admission figures were 303 for this period.

Progress through the programme: 227 successfully progressed through Phase 1, which supports a local GP led Detox (75% success rate). Of these, 172 completed the Phase 2 programme (76% success rate). With limited spaces available, we were able to offer 29 places in our Phase 3: Move on houses. The remaining 143 resettled elsewhere in the UK with many returning to their original local borough.

Successfully employed post-programme: Whilst we cannot accurately track the post-programme employment of the 143 who resettled elsewhere in the UK, 28 of the 29 (96.6%) in our move on programme entered full time employment, and relinquished their benefit claims with the DWP.

Graduation: We held a successful graduation in June 2023 for this year. Residents who could not make it were sent a copy of their graduation certificate.

Review of activities and programme rules: In keeping with good governance strategy, the Carpenters Arms completed the annual review of activities and programme rules. Several items were proposed and passed for incremental implementation over the coming period.

Local community outreach: The Carpenters Arms is eager to have an impact on the areas in which we are located. We have engaged in recovery week with other service providers, spoken at local schools and churches, and have engaged in community forums. Additionally we work with local employers for mutual interest projects.

National community outreach: We were presented with several opportunities through the year to join and speak at recovery events, as well as provide some outreach to areas of concentrated referrals.

Going green: The Carpenters Arms has started a process from supplier to client, of changing the carbon impact of the charity

• **Review of activities**

The charity continues to make progressive steps in their application to a regulatory body and has made several changes to governance, infrastructure and the support programme.

• **Fundraising activities and income generation**

The main sources of income for the charity are in the form of an enhanced housing benefit and a modest rent from each resident's Employment and Support Allowance (ESA) or Universal Credit.

Other income arises from our relationship with Church bodies and sympathetic persons who make irregular donations.

THE CARPENTER'S ARMS (MIDLANDS) TRUST
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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2023

Financial review

• **Going concern**

After making appropriate enquiries, the Trustees have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the accounting policies.

• **Reserves policy**

The Trustees have a reserve policy of £300,000 (being three months running costs) to help smooth out cash flow timings. At year end this was not met due to the financial challenges of the last year and purchase of the property in 2022.

• **Results for the year**

Income for the year amounted to £1,547,299 (2022: £1,599,395) and expenditure £1,633,364 (2022: £1,630,459). Unrestricted funds at year end amounted to (£474,243) (2022: (£392,019)).

• **Principal risks and uncertainties**

The Trustees have considered the major risks to which the charity is exposed and have established systems and procedures to manage those risks. An annual review will be carried out and a risk register updated.

Internal control risks are minimised by the implementation of procedures for authorisation of all transactions and projects. An outside company is contracted to ensure compliance with health and safety of staff, volunteers, clients and visitors to the centre as well as all HR requirements.

• **Grant making policies**

The Trustees consider grant making an effective means of supporting charities with similar objects if there is a need for funding and surplus funds are available.

Structure, governance and management

• **Constitution**

The Carpenter's Arms (Midlands) Trust is registered as a charitable company limited by guarantee and was set up by a Memorandum of Association.

• **Methods of appointment or election of Trustees**

The management of the Company is the responsibility of the Trustees who are elected and co-opted under the terms of the Memorandum of Association.

• **Policies adopted for the induction and training of Trustees**

New Trustees are briefed by the existing Trustees and given an extensive tour of our centres with appropriate meetings with the managers. Policies and guidance are provided by a third party organisation with round the clock advice if needed. They are provided with the financial accounts of the charity and a copy of our management accounts. Trustees are encouraged to visit regularly and attend staff meetings.

THE CARPENTER'S ARMS (MIDLANDS) TRUST
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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2023

Structure, governance and management (continued)

• **Pay policy for key management personnel**

The goal of a charity's pay policy is to offer fair pay to attract and keep appropriately qualified staff to lead, manage, support and deliver the charity's aims.

• **Related party relationships**

The charity is connected to Homes for the Homeless Ltd through a number of Trustees in common.

Phase 1 and Phase 3 of the programme are carried out at properties rented from Homes for the Homeless.

• **Financial risk management**

The Trustees have assessed the major risks to which the Company is exposed, in particular those related to the operations and finances of the Company, and are satisfied that systems and procedures are in place to mitigate exposure to the major risks.

Members' liability

The Members of the Company guarantee to contribute an amount not exceeding £1 to the assets of the Company in the event of winding up.

Engagement with employees and employment of the disabled

Employees have been consulted on issues of concern to them by means of regular consultative committee and staff meetings and have been kept informed on specific matters directly by management. The Company carries out exit interviews for all staff leaving the organisation and has adopted a procedure of upward feedback for senior management and the Trustees.

The Company has implemented a number of detailed policies in relation to all aspects of personnel matters including:

- Equal opportunities policy
- Volunteers' policy
- Health & safety policy

In accordance with the Company's equal opportunities policy, the Company has long-established fair employment practices in the recruitment, selection, retention and training of disabled staff.

Full details of these policies are available from the Company's office.

THE CARPENTER'S ARMS (MIDLANDS) TRUST
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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2023

Statement of Trustees' responsibilities

The Trustees (who are also the directors of the Company for the purposes of company law) are responsible for preparing the Trustees' 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 . 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 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 then apply them consistently;
- observe the methods and principles of the Charities SORP (FRS 102);
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) 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 Company will continue in business.

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

Disclosure of information to auditors

Each of the persons who are Trustees at the time when this Trustees' report is approved has confirmed that:

- so far as that Trustee is aware, there is no relevant audit information of which the charity's auditors are unaware, and
- that Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charity's auditors are aware of that information.

Auditors

The auditors, Baldwin Scofield Ltd, have indicated their willingness to continue in office. The designated Trustees will propose a motion reappointing the auditors at a meeting of the Trustees.

Approved by order of the members of the board of Trustees on 21 March 2024 and signed on their behalf by:

Gerhard Schulz

THE CARPENTER'S ARMS (MIDLANDS) TRUST
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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE CARPENTER'S ARMS (MIDLANDS) TRUST

Opinion

We have audited the financial statements of The Carpenter's Arms (Midlands) Trust (the 'charitable company') for the year ended 30 June 2023 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 30 June 2023 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

THE CARPENTER'S ARMS (MIDLANDS) TRUST
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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE CARPENTER'S ARMS (MIDLANDS) TRUST (CONTINUED)

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditors' report thereon. The Trustees are responsible for the other information contained within the annual report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities (Accounts and Reports) Regulations 2008 requires us to report to you if, in our opinion:

- the information given in the Trustees' report is inconsistent in any material respect with the financial statements; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the Trustees (who are also the directors of the charitable company for the purposes of company law) 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 charitable company'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 charitable company or to cease operations, or have no realistic alternative but to do so.

THE CARPENTER'S ARMS (MIDLANDS) TRUST
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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE CARPENTER'S ARMS (MIDLANDS) TRUST (CONTINUED)

Auditors' responsibilities for the audit of the financial statements

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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

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

We obtained an understanding of the legal and regulatory frameworks that are applicable to the charitable company and determined that the most significant are those that relate to the reporting framework in conformity with the requirements of the Companies Act 2006 and Charities Act 2011 and the relevant direct and indirect tax compliance regulations in the United Kingdom.

We understood how the charitable company is complying with those frameworks by making enquiries of management to understand how the charitable company maintains and communicates its policies and procedures in these areas and corroborated this by reviewing supporting documentation and minutes of meetings of those charged with governance.

We assessed the susceptibility of the charity's financial statements to material misstatement, including how fraud might occur by considering the risk of management override to be a fraud risk. In addition, we considered the risk of management override by sampling from the entire population of journals, identifying specific transactions which did not meet our expectations based on specific criteria and investigated these to gain an understanding and then agree back to source documentation.

Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved verifying that material transactions were recorded in compliance with Financial Reporting Standards in conformity with the requirements of the Companies Act 2006 and Charities Act 2011.

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

THE CARPENTER'S ARMS (MIDLANDS) TRUST
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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE CARPENTER'S ARMS (MIDLANDS)
TRUST (CONTINUED)**

Use of our report

This report is made solely to the charitable company's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charitable company's trustees those matters we are required to state to them in an auditors' 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 members, as a body, for our audit work, for this report, or for the opinions we have formed.

Baldwin Scofield Ltd
Chartered Accountants
Statutory auditors
3 Newhouse Business Centre
Old Crawley Road
Horsham
West Sussex
RH12 4RU

21 March 2024

Baldwin Scofield Ltd are eligible to act as auditors in terms of section 1212 of the Companies Act 2006.

THE CARPENTER'S ARMS (MIDLANDS) TRUST
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**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 30 JUNE 2023**

	Note	Unrestricted funds 2023 £	Total funds 2023 £	Total funds 2022 £
Income from:				
Donations and legacies	2	52,205	52,205	28,309
Charitable activities	3	1,485,197	1,485,197	1,537,870
Other income	4	13,737	13,737	33,216
Total income		1,551,139	1,551,139	1,599,395
Expenditure on:				
Charitable activities	6	1,631,878	1,631,878	1,630,459
Total expenditure		1,631,878	1,631,878	1,630,459
Net movement in funds before other recognised gains/(losses)		(80,739)	(80,739)	(31,064)
Other recognised gains/(losses):				
Losses on transfer of fixed assets		-	-	(581,867)
Other gains		-	-	8,965
Net movement in funds		(80,739)	(80,739)	(603,966)
Reconciliation of funds:				
Total funds brought forward		(392,019)	(392,019)	211,947
Net movement in funds		(80,739)	(80,739)	(603,966)
Total funds carried forward		(472,758)	(472,758)	(392,019)

The Statement of financial activities includes all gains and losses recognised in the year.

The notes on pages 15 to 27 form part of these financial statements.

THE CARPENTER'S ARMS (MIDLANDS) TRUST

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REGISTERED NUMBER: 07649974

**BALANCE SHEET
AS AT 30 JUNE 2023**

	Note	2023 £	2022 £
Fixed assets			
Tangible assets	11	918,156	885,073
Current assets			
Debtors	12	128,441	185,486
Cash at bank and in hand		2,028	10,477
		130,469	195,963
Creditors: amounts falling due within one year	13	(250,889)	(169,263)
Net current liabilities / assets		(120,420)	26,700
Total assets less current liabilities		797,736	911,773
Creditors: amounts falling due after more than one year	14	(1,270,494)	(1,303,792)
Total net assets		(472,758)	(392,019)
Charity funds			
Restricted funds	15	-	-
Unrestricted funds	15	(472,758)	(392,019)
Total funds		(472,758)	(392,019)

The entity was entitled to exemption from audit under section 477 of the Companies Act 2006.

The members have not required the entity to obtain an audit for the year in question in accordance with section 476 of the Companies Act 2006.

However, an audit is required in accordance with section 144 of the Charities Act 2011.

The Trustees acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and preparation of financial statements.

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

The financial statements were approved and authorised for issue by the Trustees on 21 March 2024 and signed on their behalf by:

Gerhard Schulz

The notes on pages 15 to 27 form part of these financial statements.

THE CARPENTER'S ARMS (MIDLANDS) TRUST
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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2023

	2023 £	2022 £
Cash flows from operating activities		
Net cash used in operating activities	53,295	(582,881)
Cash flows from investing activities		
Loss on impairment and transfer of tangible fixed assets	-	581,867
Purchase of tangible fixed assets	(67,973)	(1,276,762)
Net cash used in investing activities	(67,973)	(694,895)
Cash flows from financing activities		
Cash inflows from new borrowing	-	1,364,750
Repayments of borrowing	(43,917)	(13,337)
Net cash (used in)/provided by financing activities	(43,917)	1,351,413
Change in cash and cash equivalents in the year	(58,595)	73,637
Cash and cash equivalents at the beginning of the year	10,477	(63,160)
Cash and cash equivalents at the end of the year	(48,118)	10,477

The notes on pages 15 to 27 form part of these financial statements

THE CARPENTER'S ARMS (MIDLANDS) TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

1. Accounting policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with the Charities SORP (FRS 102) - 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), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The Carpenter's Arms (Midlands) Trust meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

1.2 Income

All income is recognised once the Company has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Other income is recognised in the period in which it is receivable and to the extent the goods have been provided or on completion of the service.

1.3 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

Expenditure on charitable activities is incurred on directly undertaking the activities which further the Company's objectives, as well as any associated support costs.

Grants payable are charged in the year when the offer is made except in those cases where the offer is conditional, such grants being recognised as expenditure when the conditions attaching are fulfilled. Grants offered subject to conditions which have not been met at the year end are noted as a commitment, but not accrued as expenditure.

All expenditure is inclusive of irrecoverable VAT.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets costing £500 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably.

Tangible fixed assets are initially recognised at cost. After recognition, under the cost model, tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses. All costs incurred to bring a tangible fixed asset into its intended working condition should be included in the measurement of cost.

THE CARPENTER'S ARMS (MIDLANDS) TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

1. Accounting policies (continued)

1.4 Tangible fixed assets and depreciation (continued)

Depreciation is charged so as to allocate the cost of tangible fixed assets less their residual value over their estimated useful lives, using the straight-line and reducing balance methods.

Depreciation is provided on the following bases:

Freehold property	- 2% straight line on buildings
Short-term leasehold property	- 10% straight line
Plant and machinery	- 20% reducing balance
Motor vehicles	- 20% reducing balance
Computer equipment	- 33% straight line

1.5 Debtors

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

1.6 Cash at bank and in hand

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

1.7 Liabilities and provisions

Liabilities are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably.

Liabilities are recognised at the amount that the Company anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised in the statement of financial activities as a finance cost.

1.8 Financial instruments

The Company only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

1.9 Finance leases and hire purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the Company. Obligations under such agreements are included in creditors, net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the statement of financial activities so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

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FOR THE YEAR ENDED 30 JUNE 2023**

1. Accounting policies (continued)

1.10 Pensions

The Company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the Company to the fund in respect of the year.

1.11 Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the Company and which have not been designated for other purposes.

2. Income from donations and legacies

	Unrestricted funds 2023 £	Total funds 2023 £	<i>Total funds 2022 £</i>
Donations	52,205	52,205	28,309
	<u> </u>	<u> </u>	<u> </u>
<i>Total 2022</i>	<u>28,309</u>	<u>28,309</u>	

3. Income from charitable activities

	Unrestricted funds 2023 £	Total funds 2023 £	<i>Total funds 2022 £</i>
Housing and other benefits	1,485,197	1,485,197	1,537,870
	<u> </u>	<u> </u>	<u> </u>
<i>Total 2022</i>	<u>1,537,870</u>	<u>1,537,870</u>	

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4. Other incoming resources

	Unrestricted funds 2023 £	Total funds 2023 £	<i>Total funds 2022 £</i>
Other income	9,897	9,897	33,216
Insurance claim	3,840	3,840	-
	<u>13,737</u>	<u>13,737</u>	<u>33,216</u>
<i>Total 2022</i>	<u><u>33,216</u></u>	<u><u>33,216</u></u>	

5. Analysis of grants

	Grants to Institutions 2023 £	Total funds 2023 £	<i>Total funds 2022 £</i>
Grants	480	480	2,514
	<u>2,514</u>	<u>2,514</u>	
<i>Total 2022</i>	<u><u>2,514</u></u>	<u><u>2,514</u></u>	

6. Analysis of expenditure on charitable activities

Summary by fund type

	Unrestricted funds 2023 £	Total 2023 £	<i>Total 2022 £</i>
Costs of charitable activities	1,631,878	1,631,878	1,630,459
	<u>1,630,459</u>	<u>1,630,459</u>	
<i>Total 2022</i>	<u><u>1,630,459</u></u>	<u><u>1,630,459</u></u>	

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7. Analysis of expenditure by activities

	Activities undertaken directly 2023 £	Grant funding of activities 2023 £	Support costs 2023 £	Total funds 2023 £	Total funds 2022 £
Costs of charitable activities	1,614,286	480	17,112	1,631,878	1,630,459
<i>Total 2022</i>	<u>1,627,945</u>	<u>2,514</u>	<u>-</u>	<u>1,630,459</u>	

Analysis of direct costs

	Total funds 2023 £	Total funds 2022 £
Staff costs	806,789	813,780
Depreciation	34,890	54,084
Rent and rates	172,857	229,111
Heat and light	89,264	69,988
Maintenance and cleaning	51,307	86,705
Equipment and repairs	16,010	28,383
Residents costs	142,013	112,076
Telephone and mobile	17,320	18,086
Printing, post and stationery	34,491	27,219
Insurance	25,387	34,244
Vehicle costs	29,815	25,628
Travel	17,089	12,759
Staff expenses	14,454	6,522
Professional fees	53,067	36,391
Bank and finance charges	97,978	67,882
Sundry	663	48
Governance costs	10,892	5,039
	<u>1,614,286</u>	<u>1,627,945</u>

8. Auditors' remuneration

The auditors' remuneration amounts to an auditor fee of £3,500 (2022 - £3,000), and preparation of statutory accounts of £1,300 (2022 - £1,200).

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9. Staff costs

	2023 £	2022 £
Wages and salaries	733,626	738,074
Social security costs	54,046	56,162
Contribution to defined contribution pension schemes	19,117	19,544
	<u>806,789</u>	<u>813,780</u>

The average number of persons employed by the Company during the year was as follows:

	2023 No.	2022 No.
Employees	<u>58</u>	<u>56</u>

No employee received remuneration amounting to more than £60,000 in either year.

Mr Richard Spence, the CEO, is the son of Mrs Judith Spence who is a trustee of the charity. His remuneration amounts to £47,323 (2022 - £43,600) plus pension contributions of £1,404 (2022 - £1,308). During the year he was reimbursed expenses for travel and subsistence amounting to £12,758 (2022 - £8,547)

10. Trustees' remuneration and expenses

During the year, one or more Trustees or members of their close family has been paid remuneration or has received other benefits from an employment with the Company. The Company is permitted to remunerate trustees in accordance with article 6(4)9B(a) of the Articles of Association. The value of Trustees' remuneration and other benefits (see also note 24) was as follows:

		2023 £	2022 £
Bryan Spence	Remuneration	47,044	48,000
	Pension contributions paid	1,411	1,440
Judith Spence	Remuneration	48,000	48,375
	Pension contributions paid	1,440	1,451

During the year ended 30 June 2023, expenses totalling £495 were reimbursed or paid directly to 2 Trustees (2022 - £97 to 1 Trustee). The reimbursed expenses were for travel £495 (2022: £823) and food supplies and consumables for residents £Nil (2022: £789).

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11. Tangible fixed assets

	Freehold property £	Short-term leasehold property £	Plant and machinery £	Motor vehicles £	Computer equipment £	Total £
Cost or valuation						
At 1 July 2022	850,000	-	45,703	58,696	9,135	963,534
Additions	-	57,732	9,340	-	901	67,973
At 30 June 2023	<u>850,000</u>	<u>57,732</u>	<u>55,043</u>	<u>58,696</u>	<u>10,036</u>	<u>1,031,507</u>
Depreciation						
At 1 July 2022	4,250	-	27,013	41,326	5,872	78,461
Charge for the year	17,000	5,773	5,604	4,343	2,170	34,890
At 30 June 2023	<u>21,250</u>	<u>5,773</u>	<u>32,617</u>	<u>45,669</u>	<u>8,042</u>	<u>113,351</u>
Net book value						
At 30 June 2023	<u>828,750</u>	<u>51,959</u>	<u>22,426</u>	<u>13,027</u>	<u>1,994</u>	<u>918,156</u>
At 30 June 2022	<u>845,750</u>	<u>-</u>	<u>18,690</u>	<u>17,370</u>	<u>3,263</u>	<u>885,073</u>

The property at Six Hills, Fosse Way, Melton Mowbray, Leicestershire, LE14 3PD was purchased in accordance with the contract price written into the lease entered into in 2017. The option to purchase in that agreement was exercised during the prior year and the property purchased for £1,151,404. At the time of the purchase a valuation was performed by professional valuers for lending purposes. The market valuation at the date of the report was £800,000. The trustees have determined that the valuation at which the premises should be recorded as the cost of the property at the balance sheet date is £850,000 as improvements to the property continued after the valuation report date.

The carrying amount under the cost model of the assets after provision for depreciation and impairment is £828,750 (2022 - £845,750).

The short-term leasehold property costs relate to the premises Six Hills, Fosse Way, Melton Mowbray, Leicestershire, LE14 3PD. Under the terms of the lease the charity had an option to purchase which it exercised during the prior year. As a result of purchasing the property and the remainder of the lease expiring the charity has written off in the prior year the short-term leasehold improvements which are now part of the property owned by the charity. The additions during the year represent further improvements to the property and grounds which are being depreciated over 10 years.

The purchase of the Six Hills property for £1,151,404 was completed on 12 April 2022 with mortgages amounting to £1,347,440 secured on both the property and those owned by the related charity, Homes for the Homeless (Leicestershire) Ltd. Further details of the loans and security are disclosed in note 14.

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12. Debtors

	2023 £	2022 £
Due within one year		
Trade debtors	65,170	52,261
Amounts owed by participating interests	54,737	99,740
Other debtors	6,734	11,746
Prepayments and accrued income	1,800	21,739
	<u>128,441</u>	<u>185,486</u>

13. Creditors: Amounts falling due within one year

	2023 £	2022 £
Bank overdrafts	50,146	-
Bank loans	37,002	47,621
Other loans	89,251	62,000
Trade creditors	28,124	12,998
Other taxation and social security	13,536	14,154
Obligations under finance lease and hire purchase contracts	-	1,998
Pension contributions due	3,317	3,366
Accruals and deferred income	29,513	27,126
	<u>250,889</u>	<u>169,263</u>

Other loans includes a sum of £69,251 due to Mr B Spence who is the husband of Mrs J Spence, a trustee. The loan incurs interest at 3.49% above base rate which is payable to Mr Spence. At the year end the total of accrued interest amounts to £4,451.

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14. Creditors: Amounts falling due after more than one year

	2023 £	2022 £
Bank loans	1,270,494	1,303,792

Included within the above are amounts falling due as follows:

	2023 £	2022 £
Between one and two years		
Bank loans	40,785	49,483
Between two and five years		
Bank loans	146,098	159,624
Over five years		
Bank loans	1,083,611	1,094,685

The aggregate amount of liabilities payable or repayable wholly or in part more than five years after the reporting date is:

	2023 £	2022 £
Payable or repayable by instalments	1,083,611	1,094,685
	1,083,611	1,094,685

The charity took out mortgages totalling £1,364,750 for the purpose of purchasing the premises at Six Hills. Loans outstanding amounting to £699,767 (2022: £730,596) are secured on the charity's property Six Hills, Fosse Way, Melton Mowbray which is carried in the accounts at a value of £828,750.

The remaining amount totalling £607,730 (2022: £620,817) is secured on the properties owned by the related charity, Homes for the Homeless (Leicestershire) Ltd being 97 Nottingham Road, Kegworth, Derby, DE74 2FH and Carpenters Arms, Wharnccliffe Road, Loughborough, LE11 1SL.

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**NOTES TO THE FINANCIAL STATEMENTS
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15. Statement of funds

Statement of funds - current year

	Balance at 1 July 2022 £	Income £	Expenditure £	Balance at 30 June 2023 £
Unrestricted funds				
General Funds	<u>(392,019)</u>	<u>1,551,139</u>	<u>(1,631,878)</u>	<u>(472,758)</u>

Statement of funds - prior year

	Balance at 1 July 2021 £	Income £	Expenditure £	Gains/ (Losses) £	Balance at 30 June 2022 £
Unrestricted funds					
General Funds	<u>211,947</u>	<u>1,599,395</u>	<u>(1,630,459)</u>	<u>(572,902)</u>	<u>(392,019)</u>

16. Summary of funds

Summary of funds - current year

	Balance at 1 July 2022 £	Income £	Expenditure £	Balance at 30 June 2023 £
General funds	<u>(392,019)</u>	<u>1,551,139</u>	<u>(1,631,878)</u>	<u>(472,758)</u>

Summary of funds - prior year

	Balance at 1 July 2021 £	Income £	Expenditure £	Gains/ (Losses) £	Balance at 30 June 2022 £
General funds	<u>211,947</u>	<u>1,599,395</u>	<u>(1,630,459)</u>	<u>(572,902)</u>	<u>(392,019)</u>

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17. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2023 £	Total funds 2023 £
Tangible fixed assets	918,156	918,156
Current assets	130,469	130,469
Creditors due within one year	(250,889)	(250,889)
Creditors due in more than one year	(1,270,494)	(1,270,494)
Total	<u>(472,758)</u>	<u>(472,758)</u>

Analysis of net assets between funds - prior year

	<i>Unrestricted funds 2022 £</i>	<i>Total funds 2022 £</i>
Tangible fixed assets	885,073	885,073
Current assets	195,963	195,963
Creditors due within one year	(169,263)	(169,263)
Creditors due in more than one year	(1,303,792)	(1,303,792)
Total	<u>(392,019)</u>	<u>(392,019)</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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18. Reconciliation of net movement in funds to net cash flow from operating activities

	2023 £	2022 £
Net expenditure for the year (as per Statement of Financial Activities)	(80,739)	(31,064)
Adjustments for:		
Depreciation charges	34,890	54,084
Loss on impairment and transfer of fixed assets	-	(581,867)
Decrease/(increase) in debtors	57,045	(87,547)
Increase in creditors	42,099	63,513
Net cash provided by/(used in) operating activities	53,295	(582,881)

19. Analysis of cash and cash equivalents

	2023 £	2022 £
Cash in hand	2,028	10,477
Overdraft facility repayable on demand	(50,146)	-
Total cash and cash equivalents	(48,118)	10,477

20. Analysis of changes in net debt

	At 1 July 2022 £	Cash flows £	At 30 June 2023 £
Cash at bank and in hand	10,477	(8,449)	2,028
Bank overdrafts repayable on demand	-	(50,146)	(50,146)
Debt due within 1 year	(112,987)	(16,583)	(129,570)
Debt due after 1 year	(1,303,792)	33,298	(1,270,494)
Finance leases	(1,998)	1,998	-
	(1,408,300)	(39,882)	(1,448,182)

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**NOTES TO THE FINANCIAL STATEMENTS
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21. Pension commitments

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £19,544 (2021 - £21,322). Contributions totalling £3,366 (2021 - £3,047) were payable to the fund at the balance sheet date and are included in creditors.

22. Operating lease commitments

At 30 June 2023 the Company had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2023 £	2022 £
Not later than 1 year	57,000	79,000
Later than 1 year and not later than 5 years	95,000	176,500
	<u>152,000</u>	<u>255,500</u>

23. Related party transactions

The charity is connected to another charity through a number of trustees in common:
- G Schulz and J Spence are trustees of Homes for the Homeless (Leicestershire) Ltd.

As at the balance sheet date the charity was owed £54,737 by Homes for the Homeless (Leicestershire) Ltd (2022 - £99,740).

The son of Mrs Judith Spence, trustee, is an employee of the charity and received remuneration amounting to £47,323 (2022 - £43,600) and benefits in kind by way of pension payments amounting to £1,404 (2022 - £1,308). Expenses amounting to £12,258 (2022: £8,548) were reimbursed to him during the year.

A company owned by a trustee, Mr G Schulz, provided accounting and professional services during the year amounting to £5,816 (2022 - £6,281).

Included in creditors is an amount due to Mr Bryan Spence, the spouse of Mrs Judith Spence, a trustee. The independent trustees have agreed to pay interest on this loan at a rate of 3.49% over the Bank of England base rate. Interest amounting to £4,451 has been accrued and is included in the loan balance at the year end of £69,251. The loan is due to be repaid by 31 May 2024.