

The Cote Charity

Annual report and financial statements for the year ended 31 December 2020

The Cote Charity

Annual report and financial statements for the year ended 31 December 2020

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The Cote Charity

Report of the Trustee for the year ended 31 December 2020

The Trustee presents its report and audited financial statements for the year ended 31 December 2020. The financial statements comply with current statutory requirements, the Trust deed and the Statement of Recommended Practice for Charities (SORP 2019).

Trustee, officers and advisers

The Trustee of the Charity is SMV Trustee Company Limited.

Listed below are those members who have served on the Board of SMV Trustee Company Limited during the year:

Mrs G E Camm DL	
Mr D M Freed	
Mr P Despard	
Mr J R Ancell	
Mr A E Kenny	(Deceased 03 June 2021)
Mr C A Griffiths	
Mr C McAlpine	
Mr A D Garrad CBE	(Retired 10 November 2020)
Mrs L P Marshall	(Retired 10 November 2020)
Mr H L M Bothamley	
Mr J Watson	
Ms A G Bragg	
Mr A Lewis	
Mr R H G Bourns DL	
Mr M Saddiq	
Mr A R E Brown	(Retired 10 November 2020)
Mr C H Green CBE	(Retired 10 November 2020)
Mr J M M Baker	(Appointed 10 November 2020)
Mr A Nisbet	(Appointed 10 November 2020)
Mr M Thatcher	(Appointed 10 November 2020)
Mr R Davidson	(Appointed 10 November 2020)

Registered address of the Charity

Merchants' Hall
The Promenade
Clifton
Bristol
BS8 3NH

Charity Number: 257237

The Cote Charity

Report of the Trustee for the year ended 31 December 2020 (continued)

Names and addresses of other relevant organisations

Auditor

KPMG LLP, 66 Queen Square, Bristol, BS1 4BE

Banker

NatWest Bank plc, 32 Corn Street, Bristol, BS99 7UG

Solicitor

Mr R N F Drewett DL, Womble Bond Dickinson (UK) LLP, 3 Temple Quay, Temple Back East, Bristol, BS1 6DZ

Investment Manager

Smith & Williamson Investment Management LLP, Portwall Place, Portwall Lane, Bristol, BS1 6NA (via the Merchant Venturers' Charities Investment Pool (MVCIP), Charity Number 1053459).

Structure, governance and management

Governing document

The Charity is constituted under a Charity Commission Scheme dated 8 October 1968 and is registered with the Charity Commission, number 257237.

Governing body and organisational management

The Trustee of the Charity is SMV Trustee Company Limited. On 3 January 2017 a Charity Commission Scheme was made which appointed a corporate body as trustee of the Charity in place of the Society of Merchant Venturers. This is a company limited by guarantee, SMV Trustee Company Limited and it effectively stepped into the shoes of the Society of Merchant Venturers as Trustee from 1 January 2017. All the members of the Society of Merchant Venturers' Standing Committee (who were the de facto trustees before the order was made) are Directors of SMV Trustee Company Limited together with two independent directors, who serve for a three year term.

The Trustee meets to consider, at least on a quarterly basis, the broad strategy, direction and investment policy of the Charity.

Day to day running of the Charity is delegated by the Trustee to a Sub-Committee (the Care of Older People Sub-Committee), the Members of which who served during the year were:

Mr J S Laycock DL (Chairman)
Mr S R Parsons MBE DL (Retired 10 November 2020)
Mrs C-J Duckworth DL
Mrs A M Nisbet DL
Mr C H C Densham
Mr R G Davis
Mr C J Pople
Mrs M Prior CVO MBE
Mr C A Griffiths
Dr J M Cornish
Mr J Telling
Mr A R E Brown (Appointed 10 November 2020)

The Cote Charity

Report of the Trustee for the year ended 31 December 2020 (continued)

Governing body and organisational management (continued)

The Care of Older People Sub-Committee meets at least quarterly to oversee and administer the efficient management of the Charity and to consider and subsequently recommend to, and gain approval from, the Trustee for broad operational and strategic issues, as well as reporting to the Trustee on all relevant operational matters. The tenure of membership is 3 years, re-electable for a further 3 years and, in special circumstances, tenure can be extended. The induction process for any newly appointed member includes an initial meeting with the Chairman and subsequent meeting and site visits with the Cote Manager.

The Cote Manager assists the Care of Older People Sub-Committee in fulfilling the day-to-day management of the Charity. Accounting support is provided by the Merchant Venturers' Finance department.

The Merchant Venturers' Audit Committee is responsible for assessing the scope and effectiveness of the systems and processes established by management to identify, assess, manage and monitor the financial and non-financial risks.

Recruitment and training of the Trustee

The Directors of SMV Trustee Company Limited are elected annually from within the membership of the Society and are appraised of the general duties of a trustee. In the event of significant changes to legislation or best practice, further relevant training is undertaken. The management and strategy of the Charity are considered in greater detail by the Care of Older People Sub-Committee. The members of this Sub-Committee bring with them the necessary financial, property and care skills that enable them to deal both with more immediate issues as well as to assess, monitor and make the necessary recommendations for the future strategic direction and well-being of the Charity. They are inducted through meetings with the Chairman and Cote Manager.

Risk management

In the light of the Corporate Governance guidance contained within the Statement of Recommended Practice 2019 "Accounting and Reporting by Charities", the Trustee has examined the major risks faced by the Charity.

In addition to managing the response to COVID-19, the Trustee continues to monitor and manage ongoing risks relating to areas such as the achievement of the charitable objects and the protection of the charity's assets. Systems are in place to monitor and control these risks and to mitigate the impact that they have on the Charity.

The risk register is reviewed and updated as required but not fewer than on a bi-annual basis by Management and by the Care of Older People Sub-Committee. It is reviewed by the Merchant Venturers Audit Committee and is noted by the Trustee. As part of managing the response to COVID-19, the Care of Older People Sub-Committee has reviewed the risk register at every meeting.

The Charity is reliant on resident income and monitors closely the level of vacancies at Katherine House and Griffiths House. This enables costs to be managed as required and informs the working capital requirements. The Care of Older People Sub-Committee has viewed an outbreak of infection or infectious disease as a key risk. This is being monitored closely during the COVID-19 pandemic with mitigation in place such as; robust procedures and policies, ongoing staff training, regular reviews and feedback, as well as utilising professional advice and support to ensure the Charity maintains pace with the changing guidelines.

The Cote Charity

Report of the Trustee for the year ended 31 December 2020 (continued)

Objectives and activities Objects of the charity

The Trustee confirms that it has referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the Charity's aims and objectives and in planning future activities.

The objects of the Charity, defined in the Trust deed, which should be referred to for exact details, are:

- (a) to provide a residential home or homes or a combination or combinations of a residential home and a nursing home for elderly persons over 60 years of age who through infirmity or financial needs are unable to provide a home for themselves;
- (b) to pay pensions, annuities or grants to elderly persons over 60 years of age (whether or not residents of the homes) and who through infirmity or financial need are unable to provide the necessities or comforts of life; and
- (c) for general charitable purposes.

There have been no changes made to the objects in the year.

Aims and intended impact

The aim of the Charity is to provide residential homes of high quality for elderly persons. Where appropriate, elderly persons in reduced circumstances are offered support to enable them to access the services. The Trustee has given careful consideration to the level of fees set for Katherine House and Griffiths House to ensure that they are fair.

2020 has undoubtedly been a challenging year for the Care sector due to the global coronavirus disease (COVID-19) pandemic. The Charity experienced a COVID outbreak in December 2020 and very sadly we lost some of our residents to the disease.

Objectives for the year

This year the principal objectives of the charity have been:

- to continue to provide a high standard of care and support services in good accommodation;
- to let units at Cote House and Robinson Place on a short term basis to generate funds to further the Charity's objectives;
- to continue to develop a plan to enable Cote House and its grounds to be used to further the Charity's objectives and meet the expectations of current and future residents.

Volunteers

The welfare of the Cote residents, whilst overseen by the Cote management team and staff, also benefits from the support provided by the Merchant Venturers' Visiting Group, a team of volunteers, who regularly visit the Homes. In 2020 due to the COVID-19 pandemic, visits have been unable to take place in person. Wherever possible activities have been continued via video conferencing and examples include; volunteers participating in shared reading with residents and "singing for the brain". and been able to continue via zoom.

The Cote Charity

Report of the Trustee for the year ended 31 December 2020 (continued)

Achievements and performance

The Charity continues to provide an excellent service that meets the varying demands of its residents at Katherine House and Griffiths House. Levels of care are favourably commented upon by residents, their families and independent inspectors. Their success was demonstrated by the 2020 inspection by the Care Quality Commission which rated Katherine House 'Good' in all categories, with 'Outstanding' for the 'responsive' category and the 2021 inspection by the Care Quality Commission which rated Griffiths House 'Good' in all categories.

Financial review

The Charity achieved net income (detailed on page 13) of £181,282 (2019: £312,179).

The COVID-19 pandemic has had an effect on the Care sector as residents are vulnerable to the disease. Due to the restrictions necessary to protect residents and staff, new residents have not come into the homes in line with previous years and this has led to higher than usual vacancies. The budgeted occupancy for 2020 for Katherine House was 96% and the actual occupancy was 89%. The budgeted occupancy for 2020 for Griffiths House was 94% and the actual occupancy was in line with this. Some costs are variable and therefore were lower than budgeted. Occupancy levels will continue to be a key focus for 2021. Current forecasts suggest that although occupancy is below historic levels, a reduction in variable costs means there is sufficient cash available to support the charity's requirements.

Investment policy and performance

The Trustee has delegated investment management to the Merchant Venturers' Finance and Investment Sub-Committee for the investment and performance of the financial assets; the appointment of appropriate Fund Manager, monitoring their performance, and to recommend to the Trustee the optimum strategy for financial investment.

The Charity continued to invest in the Merchant Venturers' Charities Investment Pool (MVCIP) (Charity number 1053459) during the year. The Sub-Committee's policy is to maintain income whilst preserving the real value of the investments. The income provides unrestricted funds to enable the Trustee to pursue the objects of the Charity, including plans for the future.

Reserves policy

The Trustee's policy takes account of (a) the liabilities which would be faced by the charity if it were to cease operating, (b) the financial 'cushion' it would need in order to have time to respond to a serious but possible funding crisis without immediately losing capacity, and (c) any longer term objectives which might require significant investment.

The principal accounting policies on pages 16 to 17 describe the various funds of the Charity.

The Trustee has the policy to maintain reserves of unrestricted funds to a level that provides an operational contingency of approximately 6 months' running costs. Any surplus unrestricted reserves would be used for the redevelopment of Cote House and its grounds.

At 31 December 2020 the unrestricted funds were £2,144,020, which is significantly higher than 6 months' running costs, unrestricted net assets at this date were £1,000,757, which is also significantly higher than 6 months' running costs.

At 31 December 2020 restricted funds were £221,302 and permanently endowed funds were £3,211,673.

The policy is reviewed on an annual basis by the Trustee to take account of the development of the charity and a review of the changing risks it faces, particularly in respect of income.

The Cote Charity

Report of the Trustee for the year ended 31 December 2020 (continued)

Going concern

The financial statements have been prepared on a going concern basis which the Trustee considers to be appropriate for the following reasons.

The Trustee has prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides and the anticipated future impact of COVID-19 on operations and of its financial resources, the charity will have sufficient funds to meet its liabilities as they fall due for that period.

The COVID-19 pandemic has had an effect on the Care sector as residents are vulnerable to the disease. However, all residents within the homes have received the vaccine, there is regular testing available for staff, residents and nominated visitors and there are robust infection control measures in place in the homes.

The Trustee considers that demand for Katherine House and Griffiths House remains strong and will continue for the foreseeable future. In addition, the charity receives general rental income from the units at Robinson Place. The charity has a strong cash position, and in the event of a significant downturn in income or increase in costs, has the option utilising the cash invested in a deposit account to meet its liabilities.

Consequently, the Trustee is confident that the Charity will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore has prepared the financial statements on a going concern basis.

Future plans

To continue to provide high quality services to the residents at Katherine House and Griffiths House by:

- Continuing to attract and retain an exceptional workforce
- Continuing to deliver a varied and engaging activities programme to our residents
- Striving to achieve 'Outstanding' care across all categories as rated by CQC.

To let the two houses at Robinson Place to generate funds to support the Charity's objectives. Generating rental income during the COVID-19 pandemic has helped with financial resilience.

To implement the first phase of the plan to redevelop Cote House and its grounds, including working in partnership with other charities and developing an overall plan for the site which would further the Charity's objectives and be mindful of its heritage.

Report of the Trustee for the year ended 31 December 2020 (continued)

Accounting and reporting responsibilities

Statement of Trustee's responsibilities in respect of the Report of the Trustee and the financial statements

Under charity law, the trustee is responsible for preparing the Trustee's Annual Report and the financial statements in accordance with applicable law and regulations. The trustees are required to prepare the financial statements in accordance with UK Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

The financial statements are required by law to give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources for that period.

In preparing these financial statements, generally accepted accounting practice entails that the trustee:

- selects suitable accounting policies and then apply them consistently;
- makes judgements and estimates that are reasonable and prudent;
- states whether applicable UK Accounting Standards and the Statement of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements;
- states whether the financial statements comply with the trust deed [and rules], subject to any material departures disclosed and explained in the financial statements;
- assesses the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- uses the going concern basis of accounting unless they either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

The trustee is required to act in accordance with the trust deed of the charity, within the framework of trust law. They are responsible for keeping accounting records which are sufficient to show and explain the charity's transactions and disclose at any time, with reasonable accuracy, the financial position of the charity at that time, and to enable the trustees to ensure that, where any statements of accounts are prepared by them under section 132(1) of the Charities Act 2011, those statements of accounts comply with the requirements of regulations under that provision. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the charity and to prevent and detect fraud and other irregularities.

Signed for an on behalf of the Trustee



G E Camm DL
Director

28 JUN 2021

Independent auditor's report to the Trustee of The Cote Charity

Opinion

We have audited the financial statements of The Cote Charity ("the charity") for the year ended 31 December 2020 which comprise the statement of financial activities, balance sheet, cash flow statement and related notes, including the accounting policies on pages 16 to 17.

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 December 2020 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

We have been appointed as auditor under section 145 of the Charities Act 2011 (or its predecessors) and report in accordance with regulations made under section 154 of that Act.

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the charity in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The trustees have prepared the financial statements on the going concern basis as they do not intend to liquidate the charity or to cease its operations, and as they have concluded that the charity's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the trustees' conclusions, we considered the inherent risks to the charity's business model and analysed how those risks might affect the charity's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the trustees' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the charity's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the charity will continue in operation.

Independent auditor's report to the Trustee of The Cote Charity (continued)

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of management as to the charity's high-level policies and procedures to prevent and detect fraud as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Standing Committee, audit committee, and investment committee meeting minutes.
- Using analytical procedures to identify any unusual or unexpected year on year movements.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition is recorded in the wrong period and the risk that management may be in a position to make inappropriate accounting entries.

We did not identify any additional fraud risks.

Other Information

The trustees are responsible for the other information, which comprises the Report of the Trustee. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. We are required to report to you if:

- based solely on that work, we have identified material misstatements in the other information; or
- in our opinion, the information given in the Trustee's Annual Report is inconsistent in any material respect with the financial statements.

We have nothing to report in these respects.

Matters on which we are required to report by exception

Under the Charities Act 2011 we are required to report to you if, in our opinion:

- the charity has not kept sufficient accounting records; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

Trustees' responsibilities

As explained more fully in their statement set out on page 9, the trustees are responsible for: the preparation of financial statements which give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

Independent auditor's report to the Trustee of The Cote Charity (continued)

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the charity's trustees as a body, in accordance with section 145 of the Charities Act 2011 (or its predecessors) and regulations made under section 154 of that Act. 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 charity and its trustees, as a body, for our audit work, for this report, or for the opinions we have formed.



Jonathan Brown
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
66 Queen Square
Bristol
BS1 4BE

Date: 5 July 2021

KPMG LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

The Cote Charity

Statement of financial activities for the year ended 31 December 2020

	Note	Unrestricted funds £	Restricted funds £	Permanent endowment fund £	Total 2020 £	Total 2019 £
Income from:						
Donations		-	3,513	-	3,513	12,963
Covid-19 Grant Income		-	71,172	-	71,172	-
Charitable activities		2,029,035	-	-	2,029,035	2,015,690
Investments	1	15,309	-	-	15,309	18,619
Total income		2,044,344	74,685	-	2,119,029	2,047,272
Expenditure on:						
Charitable activities	2	(1,653,829)	(790)	(172,378)	(1,826,997)	(1,780,228)
Covid-19 Grant Expenses		-	(71,172)	-	(71,172)	-
Other	3	(5,794)	-	-	(5,794)	(5,805)
Total expenditure		(1,659,623)	(71,962)	(172,378)	(1,903,963)	(1,786,033)
(Losses)/gains on investment assets	8	(33,784)	-	-	(33,784)	50,940
Net income	4	350,937	2,723	(172,378)	181,282	312,179
Transfers between funds	12	(35,636)	-	35,636	-	-
Net movement in funds		315,301	2,723	(136,742)	181,282	312,179
Reconciliation of funds:						
Total funds brought forward		1,828,719	218,579	3,348,415	5,395,713	5,083,534
Total funds carried forward	12	2,144,020	221,302	3,211,673	5,576,995	5,395,713

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

All incoming resources and resources expended derive from continuing activities.

The accompanying notes form part of the financial statements.

The Cote Charity (Charity Number 257237)

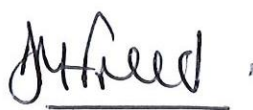
Balance sheet as at 31 December 2020

	Note	2020 £	2019 £
Fixed assets			
Tangible assets	7	4,223,389	4,329,299
Investments	8	337,220	371,004
		4,560,609	4,700,303
Current assets			
Debtors	9	26,575	34,882
Cash at bank		1,265,751	967,482
		1,292,326	1,002,364
Creditors: amounts falling due within one year	10	(275,940)	(239,363)
Net current assets		1,016,386	763,001
Total assets less current liabilities		5,576,995	5,463,304
Creditors: amounts falling due after more than one year	11	-	(67,591)
Net assets		5,576,995	5,395,713
Funds			
Unrestricted	12	2,144,020	1,828,719
Restricted	12	221,302	218,579
Permanent endowment	12	3,211,673	3,348,415
	13	5,576,995	5,395,713

The financial statements on pages 13 to 24 were approved by the Trustee on 28 JUNE 2021 and were signed on its behalf by:



G E Camm DL
Director



D M Freed
Director

The Cote Charity

Cash flow statement for the year ended 31 December 2020

	Notes	2020 £	2019 £
Cash flows from operating activities:			
Net income for the reporting year		181,282	312,179
Adjustments for:			
Depreciation charges	7	128,290	130,184
(Gains)/losses on investments	8	33,784	(50,940)
Dividends and interest from investments	1	(15,309)	(18,619)
Increase in debtors		8,308	(6,834)
(Decrease)/increase in creditors		82,829	(31,698)
Net cash provided by operating activities		419,184	334,272
Cash flow from financing activities:			
Repayment of Bank Loan		(113,844)	(144,775)
Net cash used in financing activities		(113,844)	(144,775)
Cash flows from investing activities:			
Dividends and interest from investments	1	15,309	18,619
Purchase of property, plant and equipment	7	(22,380)	(28,339)
Net cash used in investing activities		(7,071)	(9,720)
Change in cash and cash equivalents in the year		298,269	179,777
Cash and cash equivalents at the beginning of the year		967,482	787,705
Cash and cash equivalents at the end of the year		1,265,751	967,482

The Cote Charity

Principal accounting policies

Basis of preparation

The accounting policies that the Charity has adopted to determine the amounts included in respect of material items shown in the balance sheet and also to determine the income and expenditure have been applied consistently and are shown below.

The Cote Charity 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.

Basis of accounting

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain tangible fixed assets and fixed asset investments, in accordance with the Statement of Recommended Practice "Accounting and Reporting by Charities (SORP 2019)" applicable to charities preparing their accounts in accordance with Financial Reporting Standard applicable to the UK and Republic of Ireland (FRS102).

Going Concern

The Trustee has considered whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the charity to continue as a going concern. The Trustee makes this assessment for a period of twelve months from the date of approval of the financial statements.

Under all the scenarios reviewed, the charity has sufficient reserves to enable it to continue as a going concern for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements.

Critical accounting judgements and key sources of estimation uncertainty

In applying the charity's accounting policies, the Trustee is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Incoming resources – donations

Donations to the Charity are included in the financial statements in the year in which they are receivable.

Incoming resources – investments

Interest on bank deposits is included as income in the financial statements on an accruals basis. Distributions from the investment in the Merchant Venturers' Charities Investment Pool ("MVCIP") are treated as income in the year in which they accrue.

Incoming resources – charitable activities

Incoming resources from care for the elderly comprise rents and fees for the provision of accommodation and care services, which are accounted for on an accruals basis.

Expenditure

All expenditure is accounted for on an accruals basis and is recognised when there is a legal or constructive obligation to pay for expenses. All costs have been directly attributed to one of the functional categories of resources expended in the Statement of financial activities.

- (a) Charitable activities relates to the costs incurred in running and supporting the day-to-day care of the elderly activities in the execution of the Charity's objects.
- (b) Other costs relate to the strategic management of the Charity and its assets, and compliance with statutory requirements.

Irrecoverable VAT

Any irrecoverable VAT is charged to the statement of financial activities or capitalised as part of the cost of the related assets where appropriate.

The Cote Charity

Principal accounting policies (continued)

Taxation

The Cote Charity is registered as a charity and as such tax exemption applies to the income arising from and expended on charitable activities and to its investment income and gains.

Fixed assets and depreciation

Fixed asset investments are stated at cost less depreciation.

Depreciation is calculated so as to write off assets on a straight-line basis over the expected useful economic lives of the assets concerned. The annual rates used for this purpose have been:

Freehold buildings and improvements	15 to 50 years
Fixtures, fittings and office equipment	3 to 5 years
Motor vehicles	5 years

Land and assets in the course of construction are not depreciated.

Assets with a cost of less than £1,000 are written off to expenditure during the year.

Investments

Fixed asset investments are stated at mid-market value at the balance sheet date. This is not in accordance with FRS102 which recommends bid value but is consistent with the entity's performance management process. Using bid values would lead to a reduction in the valuation of these listed investments of an amount which is considered by the Trustee to be immaterial.

The statement of financial activities includes the net gains and losses arising on revaluations and disposals throughout the year.

Fund accounting

The Charity has various types of funds for which it is responsible, and which require separate disclosure. These are as follows:

Unrestricted funds

Funds which are expendable at the discretion of the Trustee in furtherance of the objects of the Charity. In addition to expenditure on care homes, such funds may be held in order to finance capital investment and working capital.

Restricted funds

Donations or legacies which are earmarked by the donor for specific purposes. Such purposes are within the overall aims of the organisation.

Permanent endowment fund

The permanent endowment fund incorporates the original endowments of £100 and the operational properties, together with the surplus or deficit arising from the revaluation of the property (see note 7) and capital additions to the property which cannot be distinguished from the original endowment property.

Pension costs

The Charity makes contributions to employees' personal pensions in accordance with the auto-enrolment provisions. The payments to the defined contributions scheme are charged to the statement of financial activities in the period in which the obligation to make contributions arises.

The Cote Charity

Notes to the financial statements for the year ended 31 December 2020

1 Investment income

	2020 £	2019 £
Distributions from MVCIP	11,768	13,837
Bank interest	3,541	4,782
	15,309	18,619

2 Analysis of charitable expenditure – care for the elderly

	Direct costs £	Support costs £	Total 2020 £	Total 2019 £
Staff costs	1,129,408	57,558	1,186,966	1,094,494
Running costs	249,755	-	249,755	324,006
Maintenance and depreciation	285,795	-	285,795	224,258
Management and administration	15,919	88,562	104,481	137,470
	1,680,877	146,120	1,826,997	1,780,228

All the support costs have been allocated to one charitable activity (care for the elderly).

3 Other costs

	2020 £	2019 £
Audit fee	5,316	5,316
Trustee's indemnity insurance	478	489
	5,794	5,805

4 Net income/expenditure

	2020 £	2019 £
Net income/expenditure is stated after charging:		
Audit fee	5,316	5,316
Depreciation	128,290	130,184

The audit fee excluding irrecoverable VAT was £4,430 (2019: £4,430).

The Cote Charity

Notes to the financial statements for the year ended 31 December 2020

5 Staff costs

The average number of persons employed on a full and part-time basis by The Cote Charity during the year, analysed by category, is as follows:

	2020	2019
Residential care	48	51
Management and administration	4	3
	52	54

The aggregate payroll costs of these persons were as follows:

	2020 £	2019 £
Wages and salaries	1,082,858	1,003,737
Social security costs	82,797	73,312
Pension costs	21,311	17,446
	1,186,966	1,094,495

No individual employee received emoluments exceeding £62,000 during 2019 or 2020.

A recharge is made by the Society of Merchant Venturers for staff as disclosed in note 14. The Trustee is considered to be the only key management personnel of the Charity. See note 6 below.

6 Trustee's remuneration

No director of SMV Trustee Company Limited received remuneration or reimbursement of expenses for their services to the Charity during the year (2019: £nil) nor had any beneficial interest in any contract with the Charity during the year (2019: £nil).

A professional indemnity insurance premium of £478 (2019: £489) was paid by the Charity on behalf of the Trustee.

The Cote Charity

Notes to the financial statements for the year ended 31 December 2020

7 Tangible fixed assets

	Assets in the course of construction	Freehold land and buildings £	Fixtures, fittings and office equipment £	Motor vehicles £	Total £
Cost or valuation					
At 1 January 2020	148,379	5,079,539	243,246	29,290	5,500,454
Additions	10,050	3,825	8,505	-	22,380
Transfers	-	-	-	-	-
Disposals	-	-	-	-	-
At 31 December 2020	158,429	5,083,364	251,751	29,290	5,522,834
Depreciation					
At 1 January 2020	-	932,610	209,255	29,290	1,171,155
Charge for year	-	104,071	24,219	-	128,290
Disposals	-	-	-	-	-
At 31 December 2020	-	1,036,681	233,474	29,290	1,299,445
Net book value					
At 31 December 2020	158,429	4,046,683	18,277	-	4,223,389
At 31 December 2019	148,379	4,146,929	33,991	-	4,329,299

The Cote Charity

Notes to the financial statements for the year ended 31 December 2020

8 Fixed asset investments

	Total £
Cost	
At 1 January and 31 December 2020	165,890
Revaluations	
Unrealised gains at 1 January 2020	205,114
Net losses arising on revaluation	(33,784)
Unrealised gains at 31 December 2020	171,330
Net book value	
At 31 December 2020	337,220
At 31 December 2019	371,004

All investments are held in the Merchant Venturers' Charities Investment Pool, which was structured as follows at 31 December 2020:

	%
Investment assets in the UK	41.9
Investment assets outside the UK	42.8
Alternatives & Multi-Asset	14.2
Cash	1.1
	100.0

9 Debtors

	2020 £	2019 £
Rents and fees	1,592	3,061
Other debtors and prepayments	24,983	31,821
	26,575	34,882

The Cote Charity

Notes to the financial statements for the year ended 31 December 2020

10 Creditors: amounts falling due within one year

	2020 £	2019 £
Trade creditors	66,148	39,359
Other taxes and social security costs	22,098	99
Other creditors	54,068	49,719
Accruals	60,807	42,621
Covid-19 Grant	11,505	-
Bank loan	61,314	107,565
	275,940	239,363

11 Creditors: amounts falling due after more than one year

	2020 £	2019 £
Age analysis of bank loan		
Due within one year	61,314	107,565
Due after more than one year:		
Between one and two years	-	50,524
Between two and five years	-	17,067
More than five years	-	-
Total due after more than one year	-	67,591
Total	61,314	175,156

The Charity had two loans with NatWest Bank. The first, with a balance of £nil at 31 December 2020 (£58,039 at 31 December 2019), was secured on Katherine House and interest was payable at 1.25% above base rate. The Charity took advantage of a capital repayment holiday until 20 May 2017 to support the build of Griffiths House. The second loan with a balance of £61,314 at 31 December 2020 (£117,117 at 31 December 2019), is secured on 19 Cote Paddock. The interest rate is 1.6% over base rate and there was a capital repayment holiday until February 2018. This loan will be repaid by monthly instalments. Repayment is permitted over a shorter or longer period, ending no later than the final repayment date of 30 April 2022. The latest loan statement received indicates the final repayment will be made in August 2021.

The Cote Charity

Notes to the financial statements for the year ended 31 December 2020

12 Funds

	Balance at 1 January 2020 £	Incoming resources £	Resources expended £	Investment Losses £	Transfers between funds £	Balance at 31 December 2020 £
Unrestricted						
General fund	1,828,719	2,044,344	(1,659,623)	(33,784)	(35,636)	2,144,020
Restricted						
Staff fund	(347)	649	(250)	-	-	52
Katherine House amenity fund	12,714	2,151	(498)	-	-	14,367
Katherine House building fund	155,674	-	-	-	-	155,674
Griffiths House amenity fund	538	643	(42)	-	-	1,139
Residents Personal Allowances	-	70	-	-	-	70
Covid-19 Grant	-	71,172	(71,172)	-	-	-
Griffiths House building fund	50,000	-	-	-	-	50,000
Total Restricted	218,579	74,685	(71,962)	-	-	221,302
Permanent endowment	3,348,415	-	(172,378)	-	35,636	3,211,673
Total	5,395,713	2,119,029	(1,903,963)	(33,784)	-	5,576,995

The General fund includes £171,330 (2019: £205,114) relating to unrealised gains in the value of fixed asset investments.

The Staff fund represents donations given to the Charity for the benefit of staff.

The Katherine House amenity fund represents donations given to the Charity for the benefit of the residents at Katherine House.

The Katherine House building fund represents donations towards the cost of building Katherine House net of related depreciation.

The Griffiths House amenity fund represents donations given to the Charity for the benefit of residents at Griffiths House.

The Griffiths House building fund represents donations towards the cost of building Griffiths House net of related depreciation.

The Permanent endowment fund represents part of the land and buildings of the Charity net of year end bank loan and depreciation.

The covid-19 Grant represents special funding provided by the Local Authority to help the charity with its response to the pandemic and was utilised in line with conditions specified. Any unutilised funds at the end of the grant term will be returned in accordance with the conditions of funding.

The Cote Charity

Notes to the financial statements for the year ended 31 December 2020

Transfers between Funds

A transfer of £32,936 from the Unrestricted fund to the Permanent endowment fund represents repayment of the permanent endowment allocation of the Katherine House bank loan from unrestricted cash.

A transfer of £2,700 from the Unrestricted fund to the Permanent endowment fund represents Building Improvements, installation of new fencing around Fire Escape for Cote House.

13 Analysis of funds balance

	Unrestricted	Restricted	Permanent endowment	Total
	£	£	£	£
Fixed assets	806,043	205,673	3,211,673	4,223,389
Fixed asset investments	337,220	-	-	337,220
Net current assets	1,000,757	15,629	-	1,016,386
Long term creditors	-	-	-	-
Net assets	2,144,020	221,302	3,211,673	5,576,995

14 Transactions with related parties

Society of Merchant Venturers

The Charity incurred a charge for the reallocation of salaries and overheads of £49,107 (2019: £49,138) from the Society of Merchant Venturers, to cover the services it provides in relation to the management and administration of the Charity, of which £nil (2019: £nil) was outstanding at the year end.

Merchant Venturers' Charities Investment Pool (MVCIP)

SMV Trustee Company Limited is the Trustee of MVCIP and the ultimate controlling party of The Cote Charity. For details of investments held and income received from MVCIP see notes 1 and 8. At 31 December 2020 £2,460 was outstanding from MVCIP (2019: £3,247).

15 Connected charities

The Society of Merchant Venturers' Almshouses Charity (Registered Charity Number 202152) is a connected charity under the definition of the Charities' SORP 2015 as it has related objects and the same Trustee as The Cote Charity. Further information can be obtained from the Charities' registered address detailed on page 1 of the Trustee's report. The Cote Charity made a charge of £4,569 (2019: £4,376) for the services of the Colston's Almshouse Manager, a charge of £nil (2019: £nil) for a housekeeper and a charge of £5,377 for a maintenance officer (2019: £5,219) to the SMV Almshouses Charity. At 31 December 2020 £2,487 (2019: £nil) was owing by the SMV Almshouses Charity to the Cote Charity relating to these services.

The SMV Almshouses Charity provided the services of a Chaplain to The Cote Charity at a cost of £587 (2019: £3,672) of which £nil (2019: £625) was outstanding at 31 December 2020.

The Cote Charity

16 Analysis of changes in net debt

	At 1 January 2020 £	Cash flow £	At 31 December 2020 £
Cash and cash equivalents			
Cash	967,482	298,269	1,265,751
	967,482	298,269	1,265,751
Borrowings			
Debt due within one year	(107,565)	46,251	(61,314)
Debt due after one year	(67,591)	67,591	-
	(175,156)	113,844	(61,314)
Total	792,326	184,425	1,204,437

