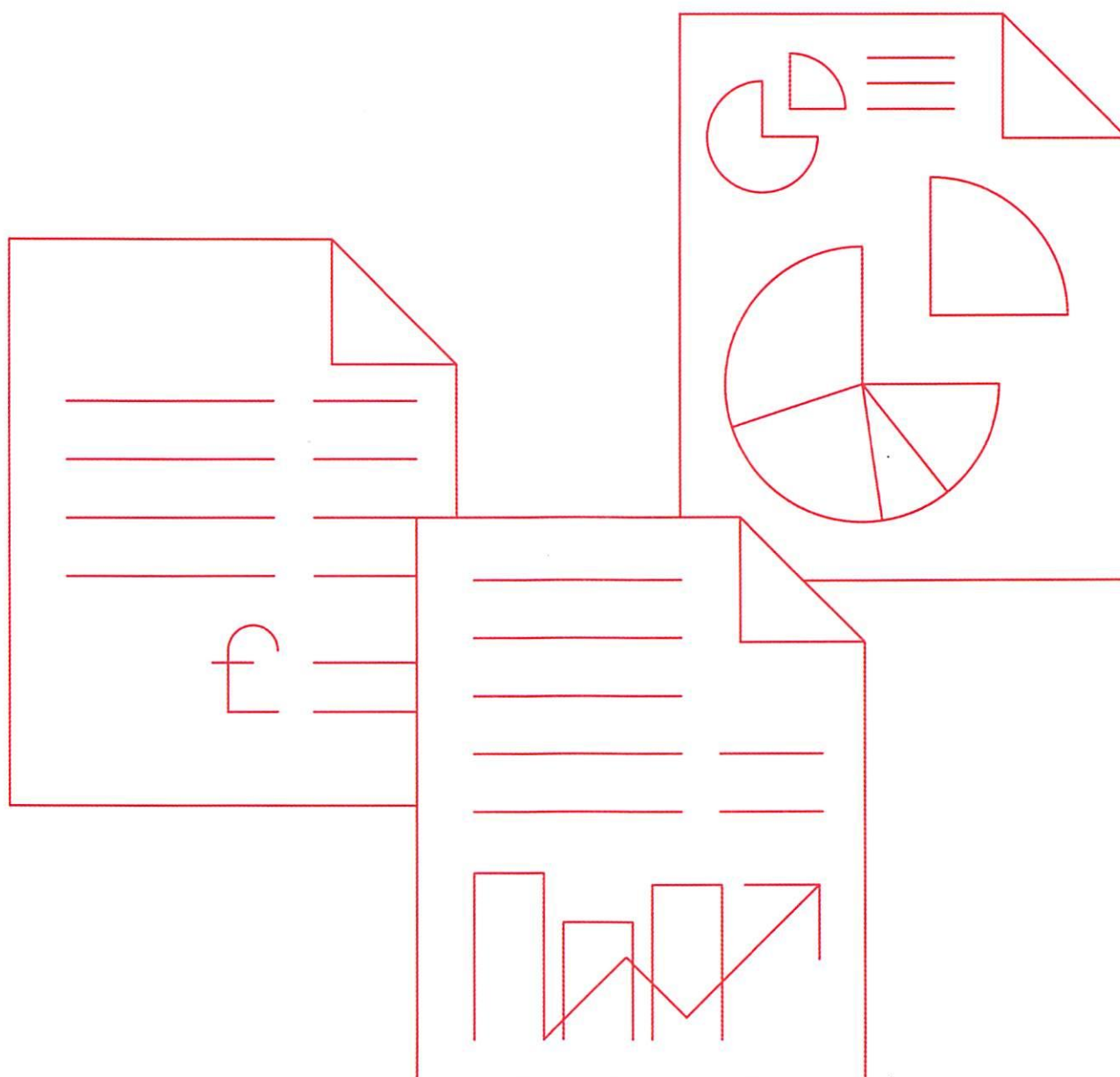

The Dacon Trust Limited **Financial Statements**

For the Year Ended 31 December 2021
Company Registration No: 00968662
Charity Registered No: 260380



THE DACON TRUST LIMITED

**CONTENTS OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Page
Reference and Administrative Details	1
Report of the Trustees	2 to 6
Report of the Independent Auditors	7 to 10
Statement of Financial Activities	11
Balance Sheet	12
Notes to the Financial Statements	13 to 21
Detailed Statement of Financial Activities	22 to 23

THE DACON TRUST LIMITED

**REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 DECEMBER 2021**

TRUSTEES	C J Chambers (resigned 24/2/21) V S P Godfrey D Flynn S Shephard (resigned 26/7/21) K Hyde L J Jary (appointed 8/4/21) S A Croft (appointed 13/5/21) D Godfrey (appointed 21/7/21)
-----------------	---

COMPANY SECRETARY	K Hyde
--------------------------	--------

REGISTERED OFFICE	D'Arcy House 3 Culver Street East Colchester Essex CO1 1LD
--------------------------	--

REGISTERED COMPANY NUMBER	00968662
----------------------------------	----------

REGISTERED CHARITY NUMBER	260380
----------------------------------	--------

AUDITORS	Haines Watts Statutory Auditors Town Wall House Balkerne Hill Colchester Essex CO3 3AD
-----------------	--

BANKERS	Barclays Bank PLC 9 High Street Colchester Essex CO1 1DD
----------------	--

THE DACON TRUST LIMITED

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2021

The trustees who are also directors of the charity for the purpose of the Companies Act 2006, present their report with the financial statements of the charity for the year ended 31 December 2021.

The financial statements have been prepared in accordance with the accounting policies set out in the notes to the financial statements and comply with the charity's governing document. The trustees have adopted the provisions of 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).

OBJECTIVES AND ACTIVITIES

Objectives

The objectives of the Charity are to support the education and development of life and employment skills for adults with mild and moderate learning disabilities.

Activities and achievements

The Charity's main activity remains the provision of day services through the operation of an Art Café in Colchester.

The project is made up of four enterprises - Level Best Café, Level Best Art and Gallery (including digital art and design), Level Best Seasonal and Level Best Gardening (Allotment and Park Rangers).

During the pandemic in 2020, to safeguard the wellbeing of staff and trainees and in-line with Essex County Council guidance we temporarily closed the café and moved our sessions online. Some outdoor face to face sessions were re-introduced in June and from August-December a mix of building based, outdoor and on-line sessions were delivered. In early 2021 as lockdown restrictions returned, we temporarily returned to online provision, delivering 113 sessions per week (compared to 99 during 2020 lockdown).

In April 2021 the service was able to return to face-to-face offerings as the pandemic eased. Some trainees opted to remain on-line while awaiting the second covid vaccination. At the time of re-opening, 134 half day sessions were being delivered, with 29 of these being on-line. By the end of 2021 all but one session had moved back to Level Best and had increased to 142 a week across the four enterprises.

Level Best Café:

The Café remained closed to external customers inside the premises throughout 2021 but continued to provide a lunch service to trainees and staff. The purchase of outside seating, funded through a covid grant, meant the Café was able to welcome external customers who could enjoy their food outside. A takeaway, catering and cake order service continued throughout the year with over 40 buffets provided and an average of 6 cakes per week to Rowhedge Coastal Rowing Club. For the first time the Café was able to deliver the buffets to off-site locations with the use of a local eco-friendly bike delivery service. The buffets were provided to organisations such as Ministry of Parenting, Ellen MacArthur Cancer Trust (who were on a sailing trip with Pioneer Sailing Trust) and a local artist as part of a Private View evening at the Café.

It was decided that the Manningtree Café, which closed in March 2020 when the pandemic started, should not re-open, giving staff resources back to Colchester to focus on the move to St John's Street. The lease for Manningtree Café expired in July 2021.

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 DECEMBER 2021**

OBJECTIVES AND ACTIVITIES

Activities and achievements continued

Level Best Art and Gallery:

Level Best Art trainees participated in local initiatives including the 'Brightlingsea Walking Trail' and the 'Beach of Dreams' project. During the Christmas period a card ordering service was introduced, selling cards to order made using Level Best art designs.

A new PC was purchased for use in digital art and design projects and for the first time Level Best Art trainees were able to access and learn to use augmented reality applications, using their art designs to create AR videos.

The Gallery re-opened for exhibitions in mid-2021, for the first time since closing at the start of the pandemic. The first exhibition ('reconnecting') was a collection of work produced by trainees throughout lockdown and was a celebration of coming back together and 'reconnecting' again.

Level Best Seasonal:

A range of preserves and cordials were made using foraged fruit/flowers from either the allotment or locally. With the easing of restrictions in the latter part of 2021, Level Best Seasonal had a stall at the Colchester Rice and Spice Festival selling jams, chutneys and cordials, the first market since the pandemic started.

Level Best Gardening:

The Level Best Gardening enterprise maintained the allotment throughout the year, supplying salad and vegetables to the kitchen as well as produce for seasonal preserves. In October, they led a walk as part of the 'Jane's Walk' programme, which is a series of guided walks in and around Colchester celebrating the legacy of urbanist Jane Jacobs. The walk was well attended by trainees, parents and members of the public. It visited sites around Colchester where trainees have participated in projects, such as the park, allotment and various Colchester in Bloom sites. The walk ended at the new building to show the vision for the future.

In 2018 the Charity purchased a building on St John's Street in Colchester which it intends to renovate into a larger bespoke café with a state of the art industry standard kitchen and art gallery, providing a greater footprint to expand the quantum and range of services currently provided. The renovation represents a significant investment for the Trust, our trainees have been engaged throughout and are excited about the new space. Construction work began in late 2021 and has progressed well with our expectations of opening the new café in Q1 2023.

Mencap continue to occupy Fitzwalter House providing accommodation for learning disabled adult residents. Discussions continue with potential partners as to how the rest of the land at Great Tey could be used.

The Charity's activities are financed by a combination of investment income together with charges made to trainees for attendance which are funded either by local authorities or privately. There is a small reliance on volunteers for day-to-day operations although the members of the Management Committee serve in a voluntary capacity.

The majority of the Charity's investments are managed by CCLA Investment Management Limited who provide a quarterly report and with whom regular meetings are held to review investment strategy.

There has been some turnover in the Trustee board due to retirements, however the board are pleased to have secured several new appointments who bring a broad skill set between them which will benefit the Charity going forwards.

Alison Ling remains responsible for the day to day management of the Art Café in Colchester and is whom reports to the board on operational progress.

THE DACON TRUST LIMITED

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2021

PUBLIC BENEFIT

The trustees of The Dacon Trust Limited have had due regard to the guidance on public benefit published by the Charity Commission in exercising their powers or duties.

STRATEGIC REPORT

Reserves policy

The Council of Management has considered the financial requirements of the Charity taking into account the current position and future plans. They have taken particular note of the following:

1. The funds received from charitable activities have been and are expected to remain inadequate to meet the costs of providing the services. There will be an ongoing requirement for the Charity to provide substantial resources to subsidise the services.
2. There continues to be some doubt over the level of financial support from Local Authorities to fund attendance fees.
3. There are no contracts with trainees and they are free to stop attending at any time.

In the light of this the Council of Management has made the following decisions:

1. The investments fund (including investment properties) currently totalling £3,789,505 should be considered an expendable endowment to provide income to fund the Charity's operations.
2. The Fixed Asset Fund is set at a figure of £707,025 to reflect the value invested in tangible assets.
3. The Charity should look to hold a general reserve at least equivalent to 12 months expenditure. The reserve totals £628,848 (2020: £419,936).

FUNDS IN SURPLUS

The activities during the year resulted in a surplus of unrestricted funds of £415,983 (2020: £217,642) for the financial year. Included within this surplus is the increase in the market value of investment of £433,508 (2020: £190,166).

At the end of the year the charity has a total of £5,125,378 (2020: £4,709,395) in Unrestricted Funds.

GOING CONCERN

After making appropriate enquiries, the board of trustees have a fair expectation that The Dacon Trust Limited has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements.

FUTURE PLANS

The trustees are excited about the development of St Johns Street which will be a bespoke café with a state of the art industry standard kitchen and art gallery. As well as providing improved facilities, the location has increasing footfall which should provide greater income opportunities, enabling the charity to invest in its own asset to expand its services to more trainees.

THE DACON TRUST LIMITED

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2021

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

The Dacon Trust Limited is a company limited by guarantee. The charity is governed by its board of trustees operating under the terms of the memorandum and articles of association.

Members' liability

Each member of the charitable company undertakes to contribute to the assets of the charitable company in the event of it being wound up whilst they are a member, or within one year after they cease to be a member, such amount as may be required, not exceeding £50, for the debts and liabilities contracted before they ceased to be a member.

Trustees and management

The charity has a Council of Management that manages the business of the Charity. No person who is not a member of the Charity is eligible to hold office as a member of the Council. Where appropriate, duties are delegated to employees of the charity, although the Council maintains overall control for the activities and performance of the charity.

The Council of Management meets quarterly to review the performance of the Charity's work.

The board of trustees have also now formed subcommittees in addition to the quarterly review as mentioned above who are also meeting quarterly.

The recruitment and appointment of the members are set out in the articles and memorandum of association.

Persons who are appointed as trustees or members of the Council will be party to an induction process determined by their present role and knowledge of The Dacon Trust Limited.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees (who are also the directors of The Dacon Trust Limited for the purposes of company law) are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing those financial statements, the trustees are required to

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charity SORP;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

THE DACON TRUST LIMITED

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 DECEMBER 2021**

STATEMENT OF TRUSTEES' RESPONSIBILITIES - continued

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware; and
- the trustees have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

AUDITORS

The auditors, Haines Watts, will be proposed for re-appointment at the forthcoming Annual General Meeting.

This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

Approved by order of the board of trustees on 21 September 2022 and signed on its behalf by:

D Flynn - Trustee

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF THE DACON TRUST LIMITED

Opinion

We have audited the financial statements of The Dacon Trust Limited (the 'charitable company') for the year ended 31 December 2021 which comprise the Statement of Financial Activities, the Balance Sheet and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2021 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, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 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 UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Report of the Independent Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether 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.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
THE DACON TRUST LIMITED**

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Trustees has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Trustees.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to take advantage of the small companies exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Trustees.

Responsibilities of trustees

As explained more fully in the Statement of Trustees' Responsibilities, 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.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF THE DACON TRUST LIMITED

Our responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Independent Auditors 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.

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 framework applicable to both the charitable company itself and the sector in which it operates. We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our sector experience and through discussion with the directors/trustees and management. The most significant were identified as the Companies Act 2006, The Charities Act 2011, UK GAAP including Charity SORP (FRS 102) and relevant tax legislation.

We considered the extent of compliance with those laws and regulations as part of our procedures on the related financial statements. Our audit procedures included:

- We considered the risk of fraud through management override and in response, we incorporated testing of manual journal entries into our audit approach throughout the financial year.
- We also considered the risk of fraud through assumptions and judgements used within accounting estimates and in response, reviewed and scrutinised these estimates in order to detect possible management bias.
- We also considered the risk of fraud associated with the preparation of the financial statements and in response, tested the disclosures prepared against relevant supporting documentation.

Our audit did not identify any significant matters relating to the detection of irregularities including fraud. However, despite the audit being planned and conducted in accordance with ISAs (UK) there remains an unavoidable risk that material misstatements in the financial statements may not be detected owing to inherent limitations of the audit, and that by their very nature, any such instances of fraud or irregularity likely involve collusion, forgery, intentional misrepresentations, or the override of internal controls.

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 Report of the Independent Auditors.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
THE DACON TRUST LIMITED**

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members 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 the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Haines Watts

Melinda J Simpson ACA (Senior Statutory Auditor)

for and on behalf of Haines Watts

Statutory Auditors

Town Wall House

Balkerne Hill

Colchester

Essex

CO3 3AD

Date: *28.9.2022*

THE DACON TRUST LIMITED

**STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 DECEMBER 2021**

		2021	2020
		Total Funds	Total Funds
		(Unrestricted)	(Unrestricted)
		£	£
INCOME AND ENDOWMENTS FROM CHARITABLE ACTIVITIES	Notes		
Attendance fees, café and art supplies		205,984	218,840
Letting of non-investment property		32,892	31,708
Care fees		-	82,060
Investment income	2	107,233	114,804
TOTAL		346,109	447,412
EXPENDITURE ON			
Raising funds	3	6,746	5,791
CHARITABLE ACTIVITIES	4		
Attendance fees, café and art supplies		330,668	310,272
Support costs		26,220	24,456
Care fees		-	79,417
TOTAL		363,634	419,936
Increase in market value of investments		433,508	190,166
NET INCOME		415,983	217,642
RECONCILIATION OF FUNDS			
TOTAL FUNDS BROUGHT FORWARD		4,709,395	4,491,753
TOTAL FUNDS CARRIED FORWARD		5,125,378	4,709,395

The notes form part of these financial statements

THE DACON TRUST LIMITED

**BALANCE SHEET
31 DECEMBER 2021**

		2021	2020
		Total Funds	Total Funds
		(Unrestricted)	(Unrestricted)
		£	£
FIXED ASSETS	Notes		
Tangible assets	10	707,025	657,505
Investments			
Investments	11	3,489,505	3,055,997
Investment property	12	300,000	300,000
		4,496,530	4,013,502
CURRENT ASSETS			
Debtors	13	63,854	107,877
Cash at bank		631,468	660,218
		695,322	768,095
CREDITORS			
Amounts falling due within one year	14	(66,474)	(72,202)
NET CURRENT ASSETS		628,848	695,893
TOTAL ASSETS LESS CURRENT LIABILITIES		5,125,378	4,709,395
NET ASSETS		5,125,378	4,709,395
FUNDS	16		
Unrestricted funds		5,125,378	4,709,395
TOTAL FUNDS		5,125,378	4,709,395

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

The financial statements were approved by the Board of Trustees and authorised for issue on 21 September 2022 and were signed on its behalf by:

D Flynn - Trustee

The notes form part of these financial statements

1. ACCOUNTING POLICIES

General information and basis of preparation

The Dacon Trust Limited is a company limited by guarantee established in England and Wales. The address of the registered office is given in the charity information on page 1 of these financial statements. The nature of the charity's operations and principal activities are to support the education and development of life and employment skills for adults with mild and moderate learning disabilities.

The financial statements of the charitable company, which is a public benefit entity under FRS 102, 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)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006.

The financial statements are prepared on a going concern basis under the historical cost convention, modified to include certain items at fair value. The financial statements are presented in sterling which is the functional currency of the charity and rounded to the nearest pound.

Funds

Unrestricted funds are available for use at the discretion of the trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes. All funds of the charity are unrestricted.

Significant judgements and estimates

The preparation of the financial statements requires the Council of Management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities at the balance sheet date and the amounts reported as revenue and expenses during the year. However, the nature of estimations means that the actual outcomes could differ from these estimates. The following item is highlighted as a judgement that has had the most significant effect on amounts recognised in the financial statements and the key source of estimation uncertainty.

Revaluation of Investment Property

The company carries its Investment Property at fair value, with changes in the fair value being recognised in the SoFA. The investment properties are held at a value which, in the opinion of the trustees, reflects open market value at the balance sheet date.

Income recognition

All incoming resources are included in the Statement of Financial Activities (SoFA) when the charity is legally entitled to the income after any performance conditions have been met, the amount can be measured reliably and it is probable that the income will be received.

Income from trading activities is received in exchange for supplying goods and services in order to raise funds and is recognised when entitlement has occurred.

Income from government and other grants are recognised at fair value when the charity has entitlement after any performance conditions have been met, it is probable that the income will be received and the amount can be measured reliably. If entitlement is not met then these amounts are deferred.

Investment income is earned through holding assets for investment purposes such as shares and property. It includes dividends, interest and rent. Interest income is recognised using the effective interest method and dividend and rent income is recognised as the charity's right to receive payment is established.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021

1. ACCOUNTING POLICIES - continued

Expenditure recognition

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Expenditure is recognised where there is a legal or constructive obligation to make payments to third parties, it is probable that the settlement will be required and the amount of the obligation can be measured reliably. Expenditure includes VAT and is reported as part of the expenditure to which it relates. It is categorised under the following headings:

- Costs of generating funds comprise the costs of operation and maintaining the investment income.
- Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries.
- Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. Support costs include back office costs, finance, personnel, payroll and governance costs which support the charity's activities. Where support costs relate to more than one activity they have been allocated on the basis of staff time and resources consumed by each activity.

Fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value, of each asset on a systematic basis over its expected useful life as follows:

Freehold Land & Buildings	- Nil - 5% On Cost
Tenants Improvements	- 33% On Cost
Plant, Machinery, Fixtures & Fittings	- 15% - 30% On Cost

Freehold Land and buildings is carried at cost. Freehold property is not depreciated on the grounds that the high residual value renders any depreciation charge immaterial. This is a departure from the Companies Act 2006 in order to give a true and fair view.

Investment properties

Investment properties are measured at fair value at each reporting date with changes in fair value recognised in 'net gains / (losses) on investments' in the SoFA.

Investments

Investments are recognised initially at fair value which is normally the transaction price excluding transaction costs. Subsequently, they are measured at fair value with changes recognised in 'net gains / (losses) on investments' in the SoFA if the shares are publicly traded or their fair value can otherwise be measured reliably. Other investments are measured at cost less impairment.

Tax

The charity is exempt from corporation tax on its charitable activities.

Leases

Rentals payable and receivable under operating leases are charged to the SoFA on a straight line basis over the period of the lease.

Employee benefits

The charity operates a defined contribution plan for the benefit of its employees. Contributions are expensed as they become payable.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021

1. ACCOUNTING POLICIES - continued

Financial instruments

The trust 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.

Going concern

The financial statements have been prepared on a going concern basis as the trustees believe that no material uncertainties exist. The trustees have considered the level of funds held and the expected level of income and expenditure for 12 months from authorising these financial statements. The budgeted income and expenditure is sufficient with the level of reserves for the charity to be able to continue as a going concern.

2. INVESTMENT INCOME

	2021	2020
	£	£
Income from UK investment properties	16,482	24,136
Income from UK listed investments	90,751	90,668
	<u>107,233</u>	<u>114,804</u>

3. RAISING FUNDS

Investment management costs

	2021	2020
	£	£
General expenses	<u>6,746</u>	<u>5,791</u>

4. CHARITABLE ACTIVITIES COSTS

	2021	2020
	£	£
Wages and salaries	200,305	198,754
Employer's national insurance	15,795	11,208
Pensions	9,842	10,995
Rent, rates and water	43,395	39,047
Insurance	12,499	10,061
Light and heat	8,660	11,340
Sundries	11,335	11,483
Repairs and other expenses	10,639	6,226
Motor and travel costs	2,277	1,314
Purchases	10,840	8,206
Depreciation of tangible fixed assets	5,081	1,638
Support costs (see note 5)	26,220	24,456
	<u>356,888</u>	<u>334,728</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021

5. SUPPORT COSTS

	2021	2020
	£	£
Accountancy fees	5,350	7,885
Audit fees	8,100	7,680
Legal fees	<u>12,770</u>	<u>8,891</u>
	<u>26,220</u>	<u>24,456</u>

6. NET INCOME/(EXPENDITURE)

Net income/(expenditure) is stated after charging/(crediting):

	2021	2020
	£	£
Depreciation - owned assets	5,081	1,638
Auditors' remuneration - audit of the financial statements	8,100	7,680
Operating leases - rent	<u>42,000</u>	<u>59,737</u>

7. TRUSTEES' REMUNERATION AND BENEFITS

The trustees are deemed to be the key management personnel of the charity. There were no trustees' remuneration or other benefits for the year ended 31 December 2021 nor for the year ended 31 December 2020.

Trustees' expenses

There were no trustees' expenses paid for the year ended 31 December 2021 nor for the year ended 31 December 2020.

THE DACON TRUST LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021**

8. STAFF COSTS

	2021	2020
	£	£
Wages and salaries	200,305	198,754
Social security costs	15,795	11,208
Other pension costs	9,842	10,995
	<u>225,942</u>	<u>220,957</u>

The average monthly number of employees during the year was as follows:

	2021	2020
	11	13
Full time equivalents	<u>11</u>	<u>13</u>

No employees received emoluments in excess of £60,000.

9. TAXATION

No Corporation tax has been provided based on the Company's charitable status.

10. TANGIBLE FIXED ASSETS

	Freehold Land & Buildings £	Assets under construction £	Tenants improvements £	Plant & machinery & Fixtures & Fittings £	Totals £
COST					
At 1 January 2021	317,195	360,446	24,524	146,352	848,517
Additions	<u>-</u>	<u>41,214</u>	<u>-</u>	<u>13,387</u>	<u>54,601</u>
At 31 December 2021	<u>317,195</u>	<u>401,660</u>	<u>24,524</u>	<u>159,739</u>	<u>903,118</u>
DEPRECIATION					
At 1 January 2021	27,200	-	24,524	139,288	191,012
Charge for year	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,081</u>	<u>5,081</u>
At 31 December 2021	<u>27,200</u>	<u>-</u>	<u>24,524</u>	<u>144,369</u>	<u>196,093</u>
NET BOOK VALUE					
At 31 December 2021	<u>289,995</u>	<u>401,660</u>	<u>-</u>	<u>15,370</u>	<u>707,025</u>
At 31 December 2020	<u>289,995</u>	<u>360,446</u>	<u>-</u>	<u>7,064</u>	<u>657,505</u>

THE DACON TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021

10. TANGIBLE FIXED ASSETS - continued

The market value of the freehold land and buildings, in the opinion of the trustees, is in excess of the carrying value in the accounts.

The freehold property relates to land and buildings known as Fitzwalter House, Great Tey. Part of the property is let to Mencap to provide accommodation for learning disabled adult residents and the rest of the land is used by the Trust. As it is not possible to determine any investment component reliably it is deemed appropriate to disclose the whole of the property known as Fitzwalter House as Freehold land and buildings.

11. FIXED ASSET INVESTMENTS

	Listed Investments £
MARKET VALUE	
At 1 January 2021	3,055,997
Revaluations	<u>433,508</u>
At 31 December 2021	<u>3,489,505</u>
NET BOOK VALUE	
At 31 December 2021	<u>3,489,505</u>
At 31 December 2020	<u>3,055,997</u>

12. INVESTMENT PROPERTY

	£
FAIR VALUE	
At 1 January 2021 and 31 December 2021	<u>300,000</u>
NET BOOK VALUE	
At 31 December 2021	<u>300,000</u>
At 31 December 2020	<u>300,000</u>

The investment properties are held at a value which, in the opinion of the trustees, reflects open market value at the balance sheet date.

THE DACON TRUST LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021**

13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021	2020
	£	£
Trade debtors	3,913	200
Prepayments and accrued income	<u>59,941</u>	<u>107,677</u>
	<u>63,854</u>	<u>107,877</u>

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021	2020
	£	£
Trade creditors	1,680	3,212
Other taxes and social security	4,112	5,047
Other creditors	53,089	55,185
Accruals and deferred income	<u>7,593</u>	<u>8,758</u>
	<u>66,474</u>	<u>72,202</u>

15. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2021	2020
	£	£
Within one year	42,000	36,750
Between one and five years	<u>201,250</u>	<u>-</u>
	<u>243,250</u>	<u>36,750</u>

LESSOR AGREEMENTS

	2021	2020
	£	£
Within one year	33,000	-
Between one and five years	132,000	-
In more than five years	<u>132,000</u>	<u>-</u>
	<u>297,000</u>	<u>-</u>

The above agreement relates to the lease of Fitzwalter House to Mencap.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021

16. MOVEMENT IN FUNDS

	At 1.1.21 £	Net movement in funds £	Transfers between funds £	At 31.12.21 £
Unrestricted funds				
General fund	419,936	(12,444)	221,356	628,848
Fixed Asset Fund	657,505	(5,081)	54,601	707,025
Investment Fund	<u>3,631,954</u>	<u>433,508</u>	<u>(275,957)</u>	<u>3,789,505</u>
	<u>4,709,395</u>	<u>415,983</u>	-	<u>5,125,378</u>
TOTAL FUNDS	<u>4,709,395</u>	<u>415,983</u>	-	<u>5,125,378</u>

Net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
Unrestricted funds				
General fund	346,109	(358,553)	-	(12,444)
Fixed Asset Fund	-	(5,081)	-	(5,081)
Investment Fund	-	-	<u>433,508</u>	<u>433,508</u>
	<u>346,109</u>	<u>(363,634)</u>	<u>433,508</u>	<u>415,983</u>
TOTAL FUNDS	<u>346,109</u>	<u>(363,634)</u>	<u>433,508</u>	<u>415,983</u>

Comparatives for movement in funds

	At 1.1.20 £	Net movement in funds £	Transfers between funds £	At 31.12.20 £
Unrestricted funds				
General fund	487,976	29,114	(97,154)	419,936
Fixed Asset Fund	1,163,910	(1,638)	(504,767)	657,505
Investment Fund	<u>2,839,867</u>	<u>190,166</u>	<u>601,921</u>	<u>3,631,954</u>
	<u>4,491,753</u>	<u>217,642</u>	-	<u>4,709,395</u>
TOTAL FUNDS	<u>4,491,753</u>	<u>217,642</u>	-	<u>4,709,395</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021

16. MOVEMENT IN FUNDS - continued

Comparative net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Gains and losses £	Movement In funds £
Unrestricted funds				
General fund	447,412	(418,298)	-	29,114
Fixed Asset Fund	-	(1,638)	-	(1,638)
Investment Fund	-	-	190,166	190,166
	<u>447,412</u>	<u>(419,936)</u>	<u>190,166</u>	<u>217,642</u>
TOTAL FUNDS	<u>447,412</u>	<u>(419,936)</u>	<u>190,166</u>	<u>217,642</u>

1. The Charity should look to hold a general reserve equivalent to at least 12 months expenditure.
2. The Fixed Asset Fund is set at a figure of £707,025 to reflect the value invested in tangible assets.
3. The Investment fund is considered to be an expendable endowment to provide income to fund the Charity's operations.

17. RELATED PARTY DISCLOSURES

There were no related party transactions for the year ended 31 December 2021.

18. SUBSEQUENT EVENTS

Post year end the market value of investments has fluctuated and shows an overall decrease in value of approximately 5%.

19. TRANSACTIONS WITH THE TRUSTEES AND DIRECTORS

During the year the charity used the resources of an agent to manage one of its investment properties. One of the trustees is a director in the entity. This director resigned his position on the 24th February 2021.

Transactions were carried out in the usual course of the business on commercial terms. Total agency fees amounted to £5,237 for the full year (2020: £4,103).

20. COMPANY LIMITED BY GUARANTEE

The charity is a company limited by guarantee. The trustees are named on page 1. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £50 per member of the charity.

THE DACON TRUST LIMITED

**DETAILED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 DECEMBER 2021**

	2021 £	2020 £
INCOME AND ENDOWMENTS		
Investment income		
Income from UK investment properties	16,482	24,136
Income from UK listed investments	<u>90,751</u>	<u>90,668</u>
	107,233	114,804
Charitable activities		
Letting of non-investment properties	32,892	31,708
Attendance and care fees	159,809	152,807
Café and art sales	22,246	15,533
Care fees	-	82,060
Grants	<u>23,929</u>	<u>50,500</u>
	238,876	332,608
Total incoming resources	346,109	447,412
EXPENDITURE		
Investment management costs		
General expenses	6,746	5,791
Charitable activities		
Wages and salaries	200,305	198,754
Employer's national insurance	15,795	11,208
Pensions	9,842	10,995
Rent, rates and water	43,395	39,047
Insurance	12,499	10,061
Light and heat	8,660	11,340
Sundries	11,335	11,483
Repairs and other expenses	10,639	6,226
Motor and travel costs	2,277	1,314
Purchases	10,840	8,206
Depreciation of tangible fixed assets	<u>5,081</u>	<u>1,638</u>
	330,668	310,272
Other		
Care fees - wages and salaries	-	71,884
Care fees - national insurance	<u>-</u>	<u>7,533</u>
	-	79,417

THE DACON TRUST LIMITED**DETAILED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 DECEMBER 2021**

	2021 £	2020 £
Support costs		
Governance costs		
Accountancy fees	5,350	7,885
Audit fees	8,100	7,680
Legal and professional fees	<u>12,770</u>	<u>8,891</u>
	<u>26,220</u>	<u>24,456</u>
Total resources expended	<u>363,634</u>	<u>419,936</u>
Net (expenditure)/income before gains and losses	(17,524)	27,476
Realised recognised gains and losses		
Unrealised gains on fixed asset investments	<u>433,508</u>	<u>190,166</u>
Net income	<u>415,983</u>	<u>217,642</u>

This page does not form part of the statutory financial statements
