

REGISTERED COMPANY NUMBER 01844549 (England and Wales)
REGISTERED CHARITY NUMBER 515591

REPORT OF THE TRUSTEES AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 MARCH 2012
FOR
HOYLAKES COTTAGE



McIntocks Limited
Chartered Accountants and
Statutory Auditors
56 Hamilton Street
Birkenhead
Wirral
CH41 5HZ

HOYLAKE COTTAGE

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HOYLAKE COTTAGE

**REPORT OF THE TRUSTEES
for the Year Ended 31 March 2012**

The Trustees who are also directors of the Trust for the purposes of the Company law, have pleasure in presenting their report with the financial statements of the Trust for the year ended 31st March 2012

REFERENCE AND ADMINISTRATIVE DETAILS

Registered Company number
01844549 (England and Wales)

Registered Charity number
515591

Registered office
35 Birkenhead Road
Hoylake
Wirral
Merseyside
CH47 5AQ

Trustees

Mrs M E Aboud
Mrs E W Spark
W A Twemlow
N Wilson
A T Mitchell
R P Wilcox
M L Matthews
J Southworth
R M Tucknott
M R Unger
Mrs K L Williams
C J Turnbull

- resigned 13 6 11

Company Secretary
S Heywood

Auditors

McLintocks Limited
Chartered Accountants and
Statutory Auditors
56 Hamilton Street
Birkenhead
Wirral
CH41 5HZ

Bankers

National Westminster PLC
10 Banks Road
West Kirby
Wirral
CH48 4LG

HOYLAKE COTTAGE

REPORT OF THE TRUSTEES for the Year Ended 31 March 2012

REFERENCE AND ADMINISTRATIVE DETAILS

Solicitors

Hill Dickinson LLP
No 1 St Paul's Square
Liverpool
L3 9SJ

Chief executive

Mrs L Cooke

STRUCTURE, GOVERNANCE AND MANAGEMENT

Structure and Governance

The company changed its name to Hoylake Cottage on 10th March 2009. It is referred to in this report as "the Trust".

The Trust is a charitable company limited by guarantee incorporated on 30th August 1984 and is established under a Memorandum of Association which sets out its objectives and powers and is governed by its Articles of Association. It is managed by a Board of Directors ("the Board") whose members are the directors for the purposes of Company Law and charity trustees for the purposes of Charity Law.

Two committees have been established by the Board.

Fundraising Committee

Addresses strategic options to achieve the charitable fundraising objectives of the Trust.

Management Committee

Responsible for establishing and maintaining policies and procedures for the sound financial management of the Trust.

Risks are minimised by the implementation of procedures for authorisation of all transactions and projects and to ensure consistent quality of delivery of all operational aspects of the Charitable Trust.

The Board of Trustees meets approximately 6 times per annum. The Committees often meet more frequently to suit their particular needs and function.

HOYLAKE COTTAGE

REPORT OF THE TRUSTEES for the Year Ended 31 March 2012

STRUCTURE, GOVERNANCE AND MANAGEMENT

Trustee Selection Criteria

Trustees are selected on the following criteria

- 1 An ability to provide the necessary skills and experience to meet defined needs
- 2 A willingness to attend regular Board meetings and other meetings when required In order to draw from as wide a sector of the community as possible the recruitment process consists of advertising as well as networking through the existing Trustees We also look to recruit from amongst our volunteers if they have the necessary skills and ability

New trustees are briefed on their legal obligations under charity and company law, the content of the Memorandum and Articles of Association, the committees and decision making process and the business plan and financial performance of the Trust They are taken on a tour of the facilities, meet key employees and are encouraged to attend relevant external training

Trustees are elected (or re-elected) in accordance with the Trust's Articles of Association at its AGM The Articles of Association specify that the Board of Trustees should comprise a minimum of 5 and a maximum of 20, the ideal number is considered to be 8 - 12

Management

Day-to-day operational management is under the control of the Chief Executive, appointed 2nd January 2006, who is responsible to the Board of Trustees Regular meetings are held between the Chief Executive and the Management Committee to ensure that the Trust's objectives continue to be met Operational decision-making is delegated by Trustees to the Chief Executive, including revenue and capital financial transactions that are within the annual budgets agreed by the Board of Trustees and monitored in both formal and informal meetings by members of the Management Committee

Risk Assessment

Operational risk assessments have been carried out and the major risks have been identified Suitable policies have been established to manage those risks

Independent Inspection

Independent inspections carried out by the statutory regulator, The Care Quality Commission, have led to favourable reports on the overall quality of care provision and on the quality of accommodation

HOYLAKE COTTAGE

REPORT OF THE TRUSTEES for the Year Ended 31 March 2012

OBJECTIVES AND ACTIVITIES

Objects

The Trust's objects as set out in its Memorandum of Association are

- The relief, care and assistance of older persons
- Provision of facilities in the interests of social welfare for recreation and leisure time occupation for the benefit of older members of the community and, in particular, but without prejudice to the generality of the foregoing, with the object of improving the condition of life of the older inhabitants of the community

Aim

Our aim is to provide a centre of excellence at the heart of the community with the highest standard of care in the best possible surroundings. Our staff provide a service which values the individual and promotes independence, choice, dignity and autonomy. We make sure that our residents and clients receive the right care from the right people at the time of their choice.

Key Objectives

The Trustees' key objectives, delegated to the Chief Executive, are to strive to maintain high standards of care that are recognised by the Care Quality Commission in their periodic assessments, to maintain occupancy at the nursing home and attendance at the Day Centres at levels that are commensurate with operational and financial efficiency and to fully cover operational expenditure from fee income for services delivered.

Significant activities that contribute to achievement of stated objectives

The Trust's principal activity is provision of 24 hour nursing and respite care for older people who are unable to support themselves at home or in other care services and this comprises 80% of the total activity. During the year the Trust commenced offering an Intermediate Care service on contract to Wirral Primary Care Trust which will ultimately expand to 20 beds. This will be achieved by reducing the nursing care beds following the Trustees' decision not to tender for the Wirral Council Social Services nursing care contract. That decision was taken because the Council has adopted a policy of progressively reducing fees paid for nursing care to a level that would not allow the Trust to provide the high quality of care for which it is renowned.

The 2 Day Centres, which provide occupational therapy and social activities to older people, some of whom suffer from dementia, comprise the remaining activity. The Nursing Home, which is registered with the Care Quality Commission, comprises 62 beds, of which 22 are for residents who suffer from dementia. The Day Centres receive 20 - 25 daily attendees, many of whom are transported by the Trust's minibus service.

The Trust has always sought to deliver the highest quality service at an affordable price to service users, which requires significant fundraising activity to support and improve those activities. Funds are attracted from within the local community through a range of events and from a wider area by seeking grants and significant donations from sponsors and other charitable organisations.

In delivering its services and in fundraising activity, the Trust is supported by a network of dedicated volunteers who assist in the Cottage Day Centre, help at the Charity Shop, help at the nursing home reception and support local fundraising events. Without their support, the Trust would not be able to deliver these services.

HOYLAKE COTTAGE

REPORT OF THE TRUSTEES for the Year Ended 31 March 2012

ACHIEVEMENT AND PERFORMANCE

Operating Activities and Review of Results

High care standards have been confirmed by Care Quality Commission assessment, rating the nursing home as Excellent and occupancy around 98% has been achieved throughout the year. Attendance at the Day Centres was maintained at normal levels.

PUBLIC BENEFIT

The Board is aware of the Charity Commission's guidance in relation to public benefit. In the opinion of the Trustees, this report indicates how our activities have delivered public benefit.

FINANCIAL REVIEW

The results for the year and the charity's financial position at the end of the year are shown in the attached financial statements.

The Trust's strategic aim is to recover the full cost of services from operating income. It is accepted that this may not always occur within a single financial year. Fundraising is used generally to fund non-operational activities, rather than in support of operational expenditure.

During the year high occupancy levels and a favourable mix of residents produced a 2.5% increase in fee income. Overheads in total, were very well contained but regulatory fees increased by 80% - £5000. Charitable activities generated a small surplus after depreciation charges.

In September 2011 the new Kitchen, Laundry and Administration building was completed, on time and within budget. Work commenced on landscaping the new garden which was completed in August 2012.

Fundraising

A number of successful events were held by the Fundraising Committee during the year and with the many donations received, a gross total of £133,000 was raised.

The Charity Shop, largely manned by volunteers had another very successful year increasing sales to almost £60,000. The shop continues to be a major part of the Trust's fundraising activity delivering a reliable and continuous source of income at relatively low operating cost. A vital part of its success is regular donations of good quality clothes, books and other saleable goods from the local community.

Post year-end events

In June 2012 a periodic review was initiated by Investors in People after which the Trust achieved a very positive assessment, so good in fact that the Trust is very close to achieving Investors in People Gold accreditation. This is an excellent achievement by the Chief Executive and staff.

After many years during which membership of the Trust has diminished, the Trustees undertook a campaign to involve some loyal supporters more closely with the Trust by inviting them to become Members. As a result membership has doubled and now stands at close to 100 - a level last approached when the Trust was formed 29 years ago. There are still quite a number of those original Members who maintain their association with the Trust after all those years. The Trustees are greatly encouraged by the level of community interest in the continued success of the Trust that these figures demonstrate.

Reserves

The Trust's reserves comprise

HOYLAKE COTTAGE

REPORT OF THE TRUSTEES for the Year Ended 31 March 2012

Unrestricted Funds

The Unrestricted Funds consist of a designated fund - the Permanent Fund and an un-designated fund - the General Fund

Designated Funds

Permanent Fund

This fund represents the approximate depreciated book value of the tangible fixed assets relating to unrestricted funds excluding costs related to the new development. From time to time transfers are made from the General Fund to correct any substantial differences.

Non-Designated Funds

General Fund

This General Fund is an amalgamation of the two accumulated funds (Foundation and Development) which were used in financing the new nursing home, completed in May 2008. It now provides working capital.

Restricted Funds

These funds represent monies received specifically as funding for re-development of the former nursing home building and surrounding garden. The funds were expended on landscaping the garden later in 2012.

Reserves Policy

The trustees regularly review the Trust's needs for reserves in line with the guidance issued by the Charity Commission. The trustees are of the opinion that a minimum general reserve of £250,000 is required to fund working capital requirements. The reserve was partly represented by cash deposits.

Funding sources

The Trust's cash reserves adequately fund daily working capital requirements, supplemented, if required, by an overdraft facility from National Westminster Bank.

The new nursing home, completed in 2008, was part-funded by a 20 year loan from Royal Bank of Scotland, secured on the Trust's land and buildings. The interest rate is fixed until 2018.

Investment Policy

Under the Memorandum and Articles of Association, the Trust has the power to make any investment the directors see fit. However in view of the substantial capital expenditure which has been undertaken the Trustees have taken the view that all liquid reserves should remain in no risk deposit accounts and are available at short notice.

PLANS FOR FUTURE PERIODS

The Board of Trustees has reluctantly decided that the aim of raising £2 million to begin work on demolishing the original Cottage Hospital and building a new day care centre by 2012, is not achievable.

The current economic climate has created extra challenges for charitable fundraisers to secure the funds needed for any major capital project.

A new day care centre is still the long term development aim of Hoylake Cottage and the Day Care Appeal will continue.

HOYLAKE COTTAGE

REPORT OF THE TRUSTEES for the Year Ended 31 March 2012

Recent successful fundraising efforts and the generosity of donors has enabled an extension to Southworth House - a new kitchen, laundry and office block following the demolition of part of the original Cottage Hospital - and a new Celebration and Sensory Garden for residents, clients and their families

Remaining funds raised to date will be spent on the original Cottage Hospital building to improve facilities for the clients of Cottage's Day Centre and Sandhills Specialist Dementia Day Unit

STATEMENT OF TRUSTEES RESPONSIBILITIES

The trustees (who are also the directors of Hoylake Cottage 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)

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

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 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

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the trustees are aware, there is no relevant information (as defined by Section 418 of the Companies Act 2006) of which the charitable company's auditors are unaware, and each trustee has taken all the steps that they ought to have taken as a trustee in order to make them aware of any audit information and to establish that the charitable company's auditors are aware of that information

AUDITORS

The auditors, McLintocks Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting

HOYLAKE COTTAGE

**REPORT OF THE TRUSTEES
for the Year Ended 31 March 2012**

ON BEHALF OF THE BOARD


S Heywood - Secretary

Date 28 11 2012

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF HOYLAKE COTTAGE

We have audited the financial statements of Hoylake Cottage for the year ended 31 March 2012 on pages eleven to twenty six. 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).

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.

Respective responsibilities of trustees and auditors

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.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the trustees, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report of the Trustees to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2012 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 Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

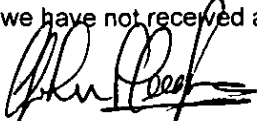
In our opinion the information given in the Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
HOYLAKE COTTAGE**

Matters on which we are required to report by exception

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



John Hughes (Senior Statutory Auditor)
for and on behalf of McLintocks Limited
Chartered Accountants and
Statutory Auditors
56 Hamilton Street
Birkenhead
Wirral
CH41 5HZ

Date *2/10/2012*

HOYLAKE COTTAGE

STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT) for the Year Ended 31 March 2012

	Note	Unrestricted funds £	Restricted funds £	2012 Total funds £	2011 Total funds £
INCOMING RESOURCES					
Incoming resources from generated funds					
Voluntary income	2	26,523	18,860	45,383	539,275
Activities for generating funds	3	114,270	38,963	153,233	193,433
Investment income	4	1,402	-	1,402	1,592
Incoming resources from charitable activities					
Nursing unit	5	2,128,684	-	2,128,684	2,073,756
Day hospital		216,036	-	216,036	216,175
Cottage care centre		127,483	-	127,483	129,319
Other incoming resources		<u>2,640</u>	<u>-</u>	<u>2,640</u>	<u>2,921</u>
Total incoming resources		2,617,038	57,823	2,674,861	3,156,471
RESOURCES EXPENDED					
Costs of generating funds					
Costs of generating voluntary income	6	18,424	61,658	80,082	132,235
Fundraising trading cost of goods sold and other costs	7	26,835	-	26,835	27,295
Charitable activities					
Nursing unit	8	1,909,471	2,551	1,912,022	1,910,729
Day hospital		217,705	-	217,705	194,911
Cottage care centre		122,727	-	122,727	124,063
Governance costs	9	16,946	-	16,946	15,975
Other resources expended	10	<u>186,135</u>	<u>-</u>	<u>186,135</u>	<u>188,693</u>
Total resources expended		2,498,243	64,209	2,562,452	2,593,901
NET INCOME/(EXPENDITURE) FOR THE YEAR before transfers					
		118,795	(6,386)	112,409	562,570
Gross transfers between funds	21	<u>341,220</u>	<u>(341,220)</u>	<u>-</u>	<u>-</u>
Net income/(expenditure) for the year		460,015	(347,606)	112,409	562,570

The notes form part of these financial statements

HOYLAKE COTTAGE

STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT) for the Year Ended 31 March 2012

	Note	Unrestricted funds £	Restricted funds £	2012 Total funds £	2011 Total funds £
Net income & expenditure c/f		460,015	(347,606)	112,409	562,570

RECONCILIATION OF FUNDS

Total funds brought forward	2,322,657	365,616	2,688,273	2,125,703
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL FUNDS CARRIED FORWARD	<u>2,782,672</u>	<u>18,010</u>	<u>2,800,682</u>	<u>2,688,273</u>

CONTINUING OPERATIONS

All incoming resources and resources expended arise from continuing activities

TOTAL RECOGNISED GAINS AND LOSSES

The Statement of Financial Activities (including Income and Expenditure Account) includes all gains and losses in the year and therefore a statement of total recognised gains and losses has not been prepared

The notes form part of these financial statements

HOYLAKE COTTAGE

BALANCE SHEET
At 31 March 2012

	Note	Unrestricted funds £	Restricted funds £	2012 Total funds £	2011 Total funds £
FIXED ASSETS					
Tangible assets	14	4,954,213	-	4,954,213	4,723,627
CURRENT ASSETS					
Debtors amounts falling due within one year	15	68,364	-	68,364	149,530
Cash at bank and in hand		<u>421,446</u>	<u>18,010</u>	<u>439,456</u>	<u>467,757</u>
		489,810	18,010	507,820	617,287
CREDITORS					
Amounts falling due within one year	16	(286,124)	-	(286,124)	(335,800)
NET CURRENT ASSETS		<u>203,686</u>	<u>18,010</u>	<u>221,696</u>	<u>281,487</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		5,157,899	18,010	5,175,909	5,005,114
CREDITORS					
Amounts falling due after more than one year	17	(2,375,227)	-	(2,375,227)	(2,316,841)
NET ASSETS		<u>2,782,672</u>	<u>18,010</u>	<u>2,800,682</u>	<u>2,688,273</u>
FUNDS					
Unrestricted funds	21			2,782,672	2,322,657
Restricted funds				<u>18,010</u>	<u>365,616</u>
TOTAL FUNDS				<u>2,800,682</u>	<u>2,688,273</u>

The notes form part of these financial statements

HOYLAKE COTTAGE

BALANCE SHEET - CONTINUED
At 31 March 2012

The financial statements were approved by the Board of Trustees on 28th November 2012
and were signed on its behalf by



W A Twemlow -Trustee



R P Wilcox -Trustee

The notes form part of these financial statements

HOYLAKE COTTAGE

CASH FLOW STATEMENT for the Year Ended 31 March 2012

		2012 £	2011 £
Net cash inflow from operating activities	Note		
	1	511,374	912,095
Returns on investments and servicing of finance	2	(183,654)	(187,101)
Capital expenditure and financial investment	2	(424,715)	(271,167)
		<u>(96,995)</u>	<u>453,827</u>
Financing	2	68,694	(127,780)
		<u>(28,301)</u>	<u>326,047</u>
(Decrease)/increase in cash in the period			
		<u>(28,301)</u>	<u>326,047</u>
Reconciliation of net cash flow to movement in net debt	3		
(Decrease)/increase in cash in the period		(28,301)	326,047
Cash inflow/(outflow) from increase/(decrease) in debt and lease financing		<u>(68,694)</u>	<u>127,780</u>
Change in net debt resulting from cash flows		<u>(96,995)</u>	<u>453,827</u>
Movement in net debt in the period		(96,995)	453,827
Net debt at 1 April		<u>(1,975,336)</u>	<u>(2,429,163)</u>
Net debt at 31 March		<u>(2,072,331)</u>	<u>(1,975,336)</u>

The notes form part of these financial statements

HOYLAKE COTTAGE

NOTES TO THE CASH FLOW STATEMENT for the Year Ended 31 March 2012

1 RECONCILIATION OF NET INCOMING RESOURCES TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2012 £	2011 £
Net incoming resources	112,409	562,570
Depreciation charges	193,051	192,516
Loss on disposal of fixed assets	1,079	-
Interest received	(1,402)	(1,592)
Interest paid	185,056	188,693
Decrease/(increase) in debtors	81,166	(88,710)
(Decrease)/increase in creditors	<u>(59,985)</u>	<u>58,618</u>
Net cash inflow from operating activities	<u>511,374</u>	<u>912,095</u>

2 ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	2012 £	2011 £
Returns on investments and servicing of finance		
Interest received	1,402	1,592
Interest paid	<u>(185,056)</u>	<u>(188,693)</u>
Net cash outflow for returns on investments and servicing of finance	<u>(183,654)</u>	<u>(187,101)</u>
Capital expenditure and financial investment		
Purchase of tangible fixed assets	<u>(424,715)</u>	<u>(271,167)</u>
Net cash outflow for capital expenditure and financial investment	<u>(424,715)</u>	<u>(271,167)</u>
Financing		
New loans in year	199,045	-
Loan repayments in year	<u>(130,352)</u>	<u>(127,780)</u>
Net cash inflow/(outflow) from financing	<u>68,693</u>	<u>(127,780)</u>

HOYLAKE COTTAGE

NOTES TO THE CASH FLOW STATEMENT
for the Year Ended 31 March 2012

3. ANALYSIS OF CHANGES IN NET DEBT

	At 1 4 11 £	Cash flow £	At 31 3 12 £
Net cash			
Cash at bank and in hand	467,757	(28,301)	439,456
Debt			
Debts falling due within one year	(126,252)	(10,308)	(136,560)
Debts falling due after one year	<u>(2,316,841)</u>	<u>(58,386)</u>	<u>(2,375,227)</u>
	<u>(2,443,093)</u>	<u>(68,694)</u>	<u>(2,511,787)</u>
 Total	 <u>(1,975,336)</u>	 <u>(96,995)</u>	 <u>(2,072,331)</u>

HOYLAKES COTTAGE

NOTES TO THE FINANCIAL STATEMENTS for the Year Ended 31 March 2012

1 ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention, the Companies Act 2006 and the requirements of the Statement of Recommended Practice "Accounting and Reporting by Charities" issued in March 2005 (SORP 2005)

Incoming resources

All incoming resources are included on the Statement of Financial Activities when the charity is legally entitled to the income and the amount can be quantified with reasonable accuracy

Resources expended

Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources

Tangible fixed assets

All fixed assets are initially recorded at cost. Assets below £500 are not capitalised

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows

Freehold property	-	4% / 2% on cost
Fixtures & fittings	-	20%/25%/33 33% / 50% on cost
Motor vehicles	-	33 33% on cost

Taxation

The charity is exempt from corporation tax on its charitable activities

Fund accounting

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the trustees

Restricted funds can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to the statement of financial activities on a straight line basis over the period of the lease

Pension costs and other post-retirement benefits

The charitable company operates a defined contribution pension scheme. Contributions payable to the charitable company's pension scheme are charged to the Statement of Financial Activities in the period to which they relate

HOYLAKE COTTAGE**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**
for the Year Ended 31 March 2012**2. VOLUNTARY INCOME**

	2012	2011
	£	£
Donations	36,376	383,420
Gift aid	2,007	89,855
Legacies	7,000	21,000
Grants	-	45,000
	<u>45,383</u>	<u>539,275</u>

Grants received, included in the above, are as follows

	2012	2011
	£	£
Garfield Weston Foundation	-	25,000
Anonymous	-	20,000
	<u>-</u>	<u>45,000</u>

3 ACTIVITIES FOR GENERATING FUNDS

	2012	2011
	£	£
Fundraising events	94,835	135,434
Shop income	58,398	57,999
	<u>153,233</u>	<u>193,433</u>

4 INVESTMENT INCOME

	2012	2011
	£	£
Deposit account interest	<u>1,402</u>	<u>1,592</u>

5 INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

	Activity	2012	2011
		£	£
Nursing units	Nursing	2,128,684	2,073,756
Day hospital	Day dementia care	216,036	216,175
Cottage care centre	Social activities for older persons	127,483	129,319
		<u>2,472,203</u>	<u>2,419,250</u>

HOYLAKE COTTAGE**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**
for the Year Ended 31 March 2012**6 COSTS OF GENERATING VOLUNTARY INCOME**

	2012	2011
	£	£
Staff costs	40,588	34,389
Public relations expenditure re building development	12,297	28,925
Fundraising expenditure re building development	<u>27,197</u>	<u>68,921</u>
	<u>80,082</u>	<u>132,235</u>

7. FUNDRAISING TRADING COST OF GOODS SOLD AND OTHER COSTS

	2012	2011
	£	£
Staff costs	15,146	15,977
Shop costs	<u>11,689</u>	<u>11,318</u>
	<u>26,835</u>	<u>27,295</u>

8. CHARITABLE ACTIVITIES COSTS

	Direct costs	Totals
	£	£
Nursing unit	1,912,022	1,912,022
Day hospital	217,705	217,705
Cottage care centre	<u>122,727</u>	<u>122,727</u>
	<u>2,252,454</u>	<u>2,252,454</u>

9. GOVERNANCE COSTS

	2012	2011
	£	£
Staff costs	2,992	2,950
Telephone	266	358
Postage and stationery	230	307
Auditors' remuneration	4,582	4,061
Auditors' remuneration for non-audit work	3,318	2,940
Trustee indemnity insurance	3,855	3,833
General expenses	<u>1,703</u>	<u>1,526</u>
	<u>16,946</u>	<u>15,975</u>

HOYLAKE COTTAGE

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED for the Year Ended 31 March 2012

10 OTHER RESOURCES EXPENDED

	2012	2011
	£	£
Loss on sale of assets	1,079	-
Interest payable and similar charges	<u>185,056</u>	<u>188,693</u>
	<u>186,135</u>	<u>188,693</u>

11 NET INCOMING/(OUTGOING) RESOURCES

Net resources are stated after charging/(crediting)

	2012	2011
	£	£
Auditors' remuneration	4,582	4,061
Auditors' remuneration for non-audit work	3,318	2,940
Depreciation - owned assets	193,050	192,516
Other operating leases	15,802	12,334
Deficit on disposal of fixed asset	1,079	-
Staff pension contributions	3,296	3,296
Trustees' indemnity insurance	<u>3,855</u>	<u>3,833</u>

12 TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 31 March 2012 nor for the year ended 31 March 2011

Trustees' Expenses

There were no trustees' expenses paid for the year ended 31 March 2012 nor for the year ended 31 March 2011

HOYLAKE COTTAGE**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**
for the Year Ended 31 March 2012**13 STAFF COSTS**

	2012 £	2011 £
Wages and salaries	1,542,761	1,514,799
Social security costs	99,958	106,904
Other pension costs	<u>4,980</u>	<u>4,897</u>
	<u>1,647,699</u>	<u>1,626,600</u>

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

	2012	2011
Administrative	9	8
Nursing	76	72
Ancillary	<u>31</u>	<u>36</u>
	<u>116</u>	<u>116</u>

No employee received emoluments of more than £60,000 during the current or previous year

14 TANGIBLE FIXED ASSETS

	Freehold property £	Fixtures and fittings £	Motor vehicles £	Totals £
COST				
At 1 April 2011	5,741,257	311,921	62,300	6,115,478
Additions	404,711	20,004	-	424,715
Disposals	<u>-</u>	<u>(18,329)</u>	<u>-</u>	<u>(18,329)</u>
At 31 March 2012	<u>6,145,968</u>	<u>313,596</u>	<u>62,300</u>	<u>6,521,864</u>
DEPRECIATION				
At 1 April 2011	1,144,608	184,943	62,300	1,391,851
Charge for year	137,245	55,805	-	193,050
Eliminated on disposal	<u>-</u>	<u>(17,250)</u>	<u>-</u>	<u>(17,250)</u>
At 31 March 2012	<u>1,281,853</u>	<u>223,498</u>	<u>62,300</u>	<u>1,567,651</u>
NET BOOK VALUE				
At 31 March 2012	<u>4,864,115</u>	<u>90,098</u>	<u>-</u>	<u>4,954,213</u>
At 31 March 2011	<u>4,596,649</u>	<u>126,978</u>	<u>-</u>	<u>4,723,627</u>

The trust purchased the freehold of the site from the Mersey Regional Health Authority in April 1992, but with a covenant limiting its use to Health and Social Care

HOYLAKE COTTAGE

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
for the Year Ended 31 March 2012

14 TANGIBLE FIXED ASSETS - continued

15 DEBTORS. AMOUNTS FALLING DUE WITHIN ONE YEAR

	2012	2011
	£	£
Trade debtors	30,536	104,905
Prepayments and accrued income	<u>37,828</u>	<u>44,625</u>
	<u>68,364</u>	<u>149,530</u>

16 CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	2012	2011
	£	£
Bank loans and overdrafts (see note 18)	136,560	126,252
Trade creditors	43,496	83,949
Social security and other taxes	26,594	28,464
Other creditors	14,303	799
Nat West credit card	1,057	695
Accruals and deferred income	<u>64,114</u>	<u>95,641</u>
	<u>286,124</u>	<u>335,800</u>

17 CREDITORS AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2012	2011
	£	£
Bank loans (see note 18)	<u>2,375,227</u>	<u>2,316,841</u>

HOYLAKE COTTAGE

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED for the Year Ended 31 March 2012

18 LOANS

An analysis of the maturity of loans is given below

	2012 £	2011 £
Amounts falling due within one year on demand Bank loans	<u>136,560</u>	<u>126,252</u>
Amounts falling between one and two years Bank loans - 1-2 years	<u>139,690</u>	<u>128,801</u>
Amounts falling due between two and five years Bank loans - 2-5 years	<u>592,137</u>	<u>402,210</u>
Amounts falling due in more than five years Repayable by instalments Bank loans more 5 years	<u>1,643,400</u>	<u>1,785,830</u>

The loan from Royal Bank of Scotland is repayable over 20 years. Monthly repayments commenced in October 2008. The interest rate has been fixed at 7.3 % for the first ten years.

A second loan for up to a total of £250,000 was taken out with the Royal Bank of Scotland which is due to be repaid or renegotiated in May 2014, being two years after final drawdown of the loan. The interest rate is 2.5% over Bank of England base rate and the annual repayments are at a rate of a 15 year loan. The bank have indicated the negotiation will take account of the Charity's ability to increase the monthly repayment over the current rate of a 15 year term.

19 OPERATING LEASE COMMITMENTS

The following operating lease payments are committed to be paid within one year

	Other operating leases	
	2012 £	2011 £
Expiring Within one year	1,776	-
Between one and five years	<u>12,863</u>	<u>12,456</u>
	<u>14,639</u>	<u>12,456</u>

HOYLAK COTTAGE

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED for the Year Ended 31 March 2012

20. SECURED DEBTS

The following secured debts are included within creditors

	2012 £	2011 £
Bank loans	<u>2,511,787</u>	<u>2,443,093</u>

A legal mortgage is held by Royal Bank of Scotland on the land and buildings of 35 Birkenhead Road, Hoylake, Wirral CH47 5AQ. There is also a second mortgage which protects the covenant held by Mersey Regional Health Authority and its successors in title.

21. MOVEMENT IN FUNDS

	At 1 4 11 £	Net movement in funds £	Transfers between funds £	At 31 3 12 £
Unrestricted funds				
General fund	1,687,583	118,795	341,220	2,147,598
Permanent fund	<u>635,074</u>	<u>-</u>	<u>-</u>	<u>635,074</u>
	2,322,657	118,795	341,220	2,782,672
Restricted funds				
Building appeal fund phase 2	365,616	(6,386)	(341,220)	18,010
	<u>2,688,273</u>	<u>112,409</u>	<u>-</u>	<u>2,800,682</u>

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

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	2,617,038	(2,498,243)	118,795
Restricted funds			
Entertainment fund	2,551	(2,551)	-
Building appeal fund phase 2	<u>55,272</u>	<u>(61,658)</u>	<u>(6,386)</u>
	57,823	(64,209)	(6,386)
TOTAL FUNDS	<u>2,674,861</u>	<u>(2,562,452)</u>	<u>112,409</u>

HOYLAKE COTTAGE

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED for the Year Ended 31 March 2012

21 MOVEMENT IN FUNDS - continued

Transfers between funds

This includes specific donations received and utilised during the year

22. CAPITAL COMMITMENTS

	2012	2011
	£	£
Contracted but not provided for in the financial statements	<u>41,008</u>	<u>432,038</u>

23 ULTIMATE CONTROLLING PARTY

The trust is under the control of the trustees

24 COMPANY LIMITED BY GUARANTEE

The members have each guaranteed a total of £5 if called upon

HOYLAKE COTTAGE**DETAILED STATEMENT OF FINANCIAL ACTIVITIES
for the Year Ended 31 March 2012**

	2012 £	2011 £
INCOMING RESOURCES		
Voluntary income		
Donations	36,376	383,420
Gift aid	2,007	89,855
Legacies	7,000	21,000
Grants	<u>-</u>	<u>45,000</u>
	45,383	539,275
Activities for generating funds		
Fundraising events	94,835	135,434
Shop income	<u>58,398</u>	<u>57,999</u>
	153,233	193,433
Investment income		
Deposit account interest	1,402	1,592
Incoming resources from charitable activities		
Nursing units	2,128,684	2,073,756
Day hospital	216,036	216,175
Cottage care centre	<u>127,483</u>	<u>129,319</u>
	2,472,203	2,419,250
Other incoming resources		
Other income	<u>2,640</u>	<u>2,921</u>
Total incoming resources	2,674,861	3,156,471
RESOURCES EXPENDED		
Costs of generating voluntary income		
Fundraising wages	37,508	31,217
Social security	3,080	3,172
Public relations expenditure re building development	12,297	28,925
Fundraising expenditure re building development	<u>27,197</u>	<u>68,921</u>
	80,082	132,235

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HOYLAKE COTTAGE**DETAILED STATEMENT OF FINANCIAL ACTIVITIES
for the Year Ended 31 March 2012**

	2012 £	2011 £
Fundraising trading. cost of goods sold and other costs		
Wages	15,146	15,977
Shop costs	11,689	11,318
	<u>26,835</u>	<u>27,295</u>
Charitable activities		
Wages	1,487,351	1,464,893
Employer's NIC	96,642	103,494
Pension & other staff benefit costs	4,980	4,897
Other operating leases	15,802	12,334
Rates and water	9,161	9,842
Insurance	11,169	13,592
Light and heat	57,215	49,956
Telephone	5,058	6,798
Postage and stationery	2,984	5,597
General expenses	19,898	24,508
Legal & professional	12,025	15,069
Medical supplies	23,095	27,972
Catering	113,462	99,467
Laundry	30,695	34,805
Training	4,561	6,474
Domestic supplies	26,354	27,454
Non medical purchases	1,896	2,578
Transport	26,487	15,544
Motor insurance	3,279	3,504
Therapy	10,552	28,444
Repairs & maintenance	71,531	49,391
Entertainment	281	770
Recruitment costs	616	4,251
Bank charges	3,149	2,911
Cleaning & waste removal	20,681	21,453
Donations	-	130
Sundry staff costs	479	-
Depreciation of tangible fixed assets	193,051	193,575
	<u>2,252,454</u>	<u>2,229,703</u>
Governance costs		
Salaries and wages	2,756	2,712
Social security	236	238
Telephone	266	358
Carried forward	3,258	3,308

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HOYLAKE COTTAGE**DETAILED STATEMENT OF FINANCIAL ACTIVITIES
for the Year Ended 31 March 2012**

	2012	2011
	£	£
Governance costs		
Brought forward	3,258	3,308
Postage and stationery	230	307
Auditors' remuneration	4,582	4,061
Auditors' remuneration for non-audit work	3,318	2,940
Trustee indemnity insurance	3,855	3,833
General expenses	<u>1,703</u>	<u>1,526</u>
	16,946	15,975
 Other resources expended		
Loss on sale of tangible fixed assets	1,079	-
Bank loan interest	185,016	188,693
Bank interest	<u>40</u>	<u>-</u>
	<u>186,135</u>	<u>188,693</u>
 Total resources expended	 2,562,452	 2,593,901
	 <hr/>	 <hr/>
 Net income	 <u>112,409</u>	 <u>562,570</u>

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