

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

**REPORT OF THE TRUSTEES AND
FINANCIAL STATEMENTS For The Year Ended 31 March 2010
FOR
HOYLAKE COTTAGE**

FRIDAY



A06 *A3OFMPTK* 476
10/12/2010
COMPANIES HOUSE

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

HOYLAKE COTTAGE

CONTENTS OF THE FINANCIAL STATEMENTS for the Year Ended 31 March 2010

	Page
Report of the Trustees	1 to 7
Report of the Independent Auditors	8 to 9
Statement of Financial Activities	10 to 11
Balance Sheet	12 to 13
Cash Flow Statement	14
Notes to the Cash Flow Statement	15 to 16
Notes to the Financial Statements	17 to 25
Detailed Statement of Financial Activities	26 to 28

HOYLAKE COTTAGE

REPORT OF THE TRUSTEES for the Year Ended 31 March 2010

The trustees who are also directors of the trust for the purposes of the Companies law, have pleasure in presenting their report with the financial statements of the trust for the year ended 31 March 2010

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

M Taylor	- resigned 22 3 10
Mrs M Aboud	
Mrs E Spark	
W A Twemlow	
N Wilson	
A Mitchell	
R P Wilcox	
M Matthews	
J Southworth	- appointed 22 3 10
R M Tucknott	- appointed 22 3 10
M R Unger	- appointed 22 3 10

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 2010

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.

2 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 2010

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 2010

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. 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 2010

ACHIEVEMENT AND PERFORMANCE

Operating Activities and Review of Results

The new nursing home, completed in May 2008, was formally opened by Princess Alexandra on 27th May 2009

High care standards have been confirmed by Care Quality Commission assessment, rating the nursing home as 3 Star and consistently high occupancy 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.

As anticipated, the new nursing home and the high standard of care that our staff provide has led to increased demand for rooms. Occupancy has exceeded historic levels achieved and on occasions the nursing home has been full. Over the course of the year, fee income exceeded budget by 5%, whilst expenditure was contained at a satisfactory 1.5% increase. This was a significant improvement, achieved despite a further reduction in fees paid by Wirral Council. Increasing rooms available from 60 to 62 towards the end of 2009 assisted in increasing income.

A surplus was achieved before depreciation and fundraising activity, meeting one of the Trustees' key objectives. After fundraising activity, there was a net surplus of £44,146 which is considered to be a satisfactory result given the challenging economic environment in the nursing care sector during the year.

Fundraising

The Fundraising Campaign for re-development of the buildings held a number of events and successfully raised more than £115,000 towards the re-development of the former nursing home building. In aggregate, fundraising gross receipts were slightly below the previous year.

The Charity Shop, which is largely manned by volunteers, succeeded in increasing sales by more than 20% from a peak achieved in the previous year, to £57,000. 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

Occupancy at the nursing home remains high with a significant waiting list which amply demonstrates the care standards delivered. The Fundraising Campaign has benefitted from substantial donations from generous benefactors which will allow development of the Kitchen, Laundry and Administration building to start in late 2010.

HOYLAKE COTTAGE

REPORT OF THE TRUSTEES for the Year Ended 31 March 2010

Reserves

The Trust's reserves comprise

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 fund which now incorporates the former Foundation Fund and the former Development Fund was a reserve (now spent) accumulated to provide finance for the new 60 bed nursing home and continues to provide a reserve for the provision of working capital.

Restricted Funds

These funds represent monies received for specific purposes, being funding for re-development of the former nursing home building.

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 underway 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

Having secured funding for the second phase of the re-development project, the 5 year strategy plan is being reviewed to ensure that it reflects currently known and expected changes in health care needs from service commissioners and the local community. The resultant plan will inform the Fundraising Strategy for the next 3 - 5 years.

HOYLAKE COTTAGE

REPORT OF THE TRUSTEES for the Year Ended 31 March 2010

It is expected that the Trust's intention to re-develop the remaining buildings into Day Centres providing occupational therapy, social activities and other services for older people some of whom may suffer dementia will be confirmed by the updated strategy plan

The Trust's usual charitable activities will continue in the forthcoming year. Fundraising activities will continue to play a vital part in developing future plans to provide a range of services suitable to meet the needs of older people in the community

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 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

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

ON BEHALF OF THE BOARD


S Heywood - Secretary

Date 22.11.2010

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF HOYLAKÉ COTTAGE

We have audited the financial statements of Hoylake Cottage for the year ended 31 March 2010 on pages ten to twenty five. The financial statements have been prepared under the accounting policies set out therein.

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 trustees those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

The trustees' (who are also the directors of the charitable company for the purposes of company law) responsibilities 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) and for being satisfied that the financial statements give a true and fair view are set out on page seven.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view, are properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and are prepared in accordance with the Companies Act 2006. We also report to you whether, in our opinion, the information given in the Report of the Trustees is consistent with those financial statements.

In addition, we report to you if, in our opinion, the charitable company has not kept adequate accounting records, if the charitable company's financial statements are not in agreement with the accounting records and returns, if we have not received all the information and explanations we require for our audit, or if certain disclosures of trustees' remuneration specified by law are not made.

We read the Report of the Trustees and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charitable company's circumstances, consistently applied and adequately disclosed.

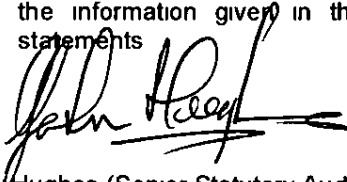
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

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

Opinion

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 2010 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended,
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice,
- the financial statements have been prepared in accordance with the Companies Act 2006, and
- the information given in the Report of the Trustees is consistent with the financial statements



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

23/11/2010

HOYLAKE COTTAGE

STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT) for the Year Ended 31 March 2010

	Notes	Unrestricted funds £	Restricted funds £	2010 Total funds £	2009 Total funds £
INCOMING RESOURCES					
Incoming resources from generated funds					
Voluntary income	2	31,202	41,237	72,439	173,044
Activities for generating funds	3	58,504	76,761	135,265	48,181
Investment income	4	124	-	124	4,197
Incoming resources from charitable activities					
Nursing unit	5	1,953,381	-	1,953,381	1,564,821
Day hospital		216,131	-	216,131	213,262
Cottagers care centre		135,701	-	135,701	134,997
Other incoming resources		<u>1,250</u>	<u>-</u>	<u>1,250</u>	<u>4,441</u>
Total incoming resources		2,396,293	117,998	2,514,291	2,142,943
RESOURCES EXPENDED					
Costs of generating funds					
Costs of generating voluntary income	6	23,866	88,169	112,035	101,723
Fundraising trading cost of goods sold and other costs	7	26,353	-	26,353	22,138
Charitable activities					
Nursing unit	8	1,773,473	2,469	1,775,942	1,537,816
Day hospital		229,238	-	229,238	233,007
Cottagers care centre		108,897	-	108,897	115,677
Governance costs	9	23,573	-	23,573	24,302
Other resources expended	10	<u>194,107</u>	<u>-</u>	<u>194,107</u>	<u>186,182</u>
Total resources expended		2,379,507	90,638	2,470,145	2,220,845
NET INCOME/(EXPENDITURE) FOR THE YEAR before transfers					
		16,786	27,360	44,146	(77,902)
Gross transfers between funds	21	<u>660</u>	<u>(660)</u>	<u>-</u>	<u>-</u>
Net income/(expenditure) for the year		17,446	26,700	44,146	(77,902)

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 2010**

	Notes	Unrestricted funds £	Restricted funds £	2010 Total funds £	2009 Total funds £
RECONCILIATION OF FUNDS					
Total funds brought forward		2,080,230	1,327	2,081,557	2,159,459
		<hr/>	<hr/>	<hr/>	<hr/>
TOTAL FUNDS CARRIED FORWARD		<u>2,097,676</u>	<u>28,027</u>	<u>2,125,703</u>	<u>2,081,557</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 2010**

	Notes	Unrestricted funds £	Restricted funds £	2010 Total funds £	2009 Total funds £
FIXED ASSETS					
Tangible assets	14	4,644,975	-	4,644,975	4,811,028
CURRENT ASSETS					
Debtors amounts falling due within one year	15	60,820	-	60,820	115,791
Cash at bank and in hand		<u>113,683</u>	<u>28,027</u>	<u>141,710</u>	<u>114,791</u>
		174,503	28,027	202,530	230,582
CREDITORS					
Amounts falling due within one year	16	(274,876)	-	(274,876)	(456,002)
NET CURRENT ASSETS/(LIABILITIES)		<u>(100,373)</u>	<u>28,027</u>	<u>(72,346)</u>	<u>(225,420)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		4,544,602	28,027	4,572,629	4,585,608
CREDITORS					
Amounts falling due after more than one year	17	(2,446,926)	-	(2,446,926)	(2,504,051)
NET ASSETS		<u>2,097,676</u>	<u>28,027</u>	<u>2,125,703</u>	<u>2,081,557</u>
FUNDS					
Unrestricted funds	21			2,097,676	2,080,230
Restricted funds				<u>28,027</u>	<u>1,327</u>
TOTAL FUNDS				<u>2,125,703</u>	<u>2,081,557</u>

The notes form part of these financial statements

HOYLAKE COTTAGE

BALANCE SHEET - CONTINUED
At 31 March 2010

The financial statements were approved by the Board of Trustees on 22.11.2010
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 2010**

		2010 £	2009 £
Net cash inflow from operating activities	Notes 1	288,874	83,409
Returns on investments and servicing of finance	2	(193,983)	(181,985)
Capital expenditure and financial investment	2	(23,031)	(930,272)
		<u>71,860</u>	<u>(1,028,848)</u>
Financing	2	(44,940)	1,036,383
		<u>26,920</u>	<u>7,535</u>
Increase in cash in the period		<u>26,920</u>	<u>7,535</u>
Reconciliation of net cash flow to movement in net debt	3		
Increase in cash in the period		26,920	7,535
Cash (outflow)/inflow from (decrease)/increase in debt and lease financing		<u>44,940</u>	<u>(1,036,383)</u>
Change in net debt resulting from cash flows		<u>71,860</u>	<u>(1,028,848)</u>
Movement in net debt in the period		71,860	(1,028,848)
Net debt at 1 April		<u>(2,501,022)</u>	<u>(1,472,174)</u>
Net debt at 31 March		<u>(2,429,162)</u>	<u>(2,501,022)</u>

The notes form part of these financial statements

HOYLAKE COTTAGE**NOTES TO THE CASH FLOW STATEMENT
for the Year Ended 31 March 2010****1. RECONCILIATION OF NET INCOMING\OUTGOING RESOURCES TO NET CASH
INFLOW FROM OPERATING ACTIVITIES**

	2010	2009
	£	£
Net incoming\outgoing resources	44,146	(77,902)
Depreciation charges	189,084	101,867
Profit on disposal of fixed assets	-	(3,770)
Interest received	(124)	(4,197)
Interest paid	194,107	186,182
Decrease in debtors	54,971	31,539
Decrease in creditors	(193,310)	(150,310)
Net cash inflow from operating activities	<u>288,874</u>	<u>83,409</u>

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

	2010	2009
	£	£
Returns on investments and servicing of finance		
Interest received	124	4,197
Interest paid	(194,107)	(186,182)
Net cash outflow for returns on investments and servicing of finance	<u>(193,983)</u>	<u>(181,985)</u>
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(23,031)	(934,042)
Sale of tangible fixed assets	-	3,770
Net cash outflow for capital expenditure and financial investment	<u>(23,031)</u>	<u>(930,272)</u>
Financing		
New loans in year	-	1,105,937
Loan repayments in year	(44,940)	(69,554)
Net cash (outflow)/inflow from financing	<u>(44,940)</u>	<u>1,036,383</u>

HOYLAKE COTTAGE

NOTES TO THE CASH FLOW STATEMENT for the Year Ended 31 March 2010

3 ANALYSIS OF CHANGES IN NET DEBT

	At 1 4 09 £	Cash flow £	At 31 3 10 £
Net cash			
Cash at bank and in hand	114,791	26,920	141,711
Debt			
Debts falling due within one year	(111,762)	(12,185)	(123,947)
Debts falling due after one year	<u>(2,504,051)</u>	<u>57,125</u>	<u>(2,446,926)</u>
	<u>(2,615,813)</u>	<u>44,940</u>	<u>(2,570,873)</u>
Total	<u>(2,501,022)</u>	<u>71,860</u>	<u>(2,429,162)</u>

HOYLAKE COTTAGE

NOTES TO THE FINANCIAL STATEMENTS for the Year Ended 31 March 2010

1 ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention, the Companies Act 1985 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% 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 2010**2. VOLUNTARY INCOME**

	2010 £	2009 £
Donations	53,710	167,261
Gift aid	4,124	4,783
Legacies	11,105	1,000
Grants	<u>3,500</u>	<u>-</u>
	<u>72,439</u>	<u>173,044</u>

Grants received, included in the above, are as follows

	2010 £	2009 £
Vodafone	2,500	-
Radio Merseyside	<u>1,000</u>	<u>-</u>
	<u>3,500</u>	<u>-</u>

3 ACTIVITIES FOR GENERATING FUNDS

	2010 £	2009 £
Fundraising events	78,240	1,305
Shop income	<u>57,025</u>	<u>46,876</u>
	<u>135,265</u>	<u>48,181</u>

4 INVESTMENT INCOME

	2010 £	2009 £
Deposit account interest	<u>124</u>	<u>4,197</u>

5 INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

	2010 £	2009 £
Nursing units	1,953,381	1,564,821
Day hospital	216,131	213,262
Cottage care centre	<u>135,701</u>	<u>134,997</u>
	<u>2,305,213</u>	<u>1,913,080</u>

HOYLAKE COTTAGE**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**
for the Year Ended 31 March 2010**6 COSTS OF GENERATING VOLUNTARY INCOME**

	2010	2009
	£	£
Staff costs	24,924	19,777
Public relations expenditure re building development	21,234	19,573
Fundraising expenditure re building development	<u>65,877</u>	<u>62,373</u>
	<u>112,035</u>	<u>101,723</u>

7. FUNDRAISING TRADING COST OF GOODS SOLD AND OTHER COSTS

	2010	2009
	£	£
Staff costs	14,347	12,681
Shop costs	<u>12,006</u>	<u>9,457</u>
	<u>26,353</u>	<u>22,138</u>

8. CHARITABLE ACTIVITIES COSTS

	Direct costs	Totals
	£	£
Nursing unit	1,775,942	1,775,942
Day hospital	229,238	229,238
Cottagers care centre	<u>108,897</u>	<u>108,897</u>
	<u>2,114,077</u>	<u>2,114,077</u>

9. GOVERNANCE COSTS

	2010	2009
	£	£
Staff costs	10,831	11,244
Telephone	355	509
Postage and stationery	300	333
Auditors' remuneration	4,391	3,921
Auditors' remuneration for non-audit work	3,180	2,840
Trustee indemnity insurance	3,735	3,983
General expenses	<u>781</u>	<u>1,472</u>
	<u>23,573</u>	<u>24,302</u>

HOYLAKE COTTAGE

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED for the Year Ended 31 March 2010

10. OTHER RESOURCES EXPENDED

	2010	2009
	£	£
Interest payable and similar charges	<u>194,107</u>	<u>186,182</u>

11. NET INCOMING/(OUTGOING) RESOURCES

Net resources are stated after charging/(crediting)

	2010	2009
	£	£
Auditors' remuneration	4,391	3,921
Auditors' remuneration for non-audit work	3,180	2,840
Depreciation - owned assets	189,085	101,868
Other operating leases	12,172	2,068
Surplus on disposal of fixed asset	-	(3,770)
Staff pension contributions	4,886	5,019
Trustees' indemnity insurance	<u>3,735</u>	<u>3,983</u>

12. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 31 March 2010 nor for the year ended 31 March 2009

Trustees' Expenses

There were no trustees' expenses paid for the year ended 31 March 2010 nor for the year ended 31 March 2009

HOYLAKE COTTAGE**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
for the Year Ended 31 March 2010****13. STAFF COSTS**

	2010 £	2009 £
Wages and salaries	1,434,085	1,315,499
Social security costs	101,820	92,461
Other pension costs	4,886	5,019
	<u>1,540,791</u>	<u>1,412,979</u>

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

	2010	2009
Administrative	7	7
Nursing	64	60
Ancillary	41	38
	<u>112</u>	<u>105</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 2009	5,494,646	326,188	62,300	5,883,134
Additions	8,912	14,120	-	23,032
Disposals	-	(61,856)	-	(61,856)
At 31 March 2010	<u>5,503,558</u>	<u>278,452</u>	<u>62,300</u>	<u>5,844,310</u>
DEPRECIATION				
At 1 April 2009	870,525	139,281	62,300	1,072,106
Charge for year	136,868	52,217	-	189,085
Eliminated on disposal	-	(61,856)	-	(61,856)
At 31 March 2010	<u>1,007,393</u>	<u>129,642</u>	<u>62,300</u>	<u>1,199,335</u>
NET BOOK VALUE				
At 31 March 2010	<u>4,496,165</u>	<u>148,810</u>	<u>-</u>	<u>4,644,975</u>
At 31 March 2009	<u>4,624,121</u>	<u>186,907</u>	<u>-</u>	<u>4,811,028</u>

The trust purchased the freehold of the site from the Health authorities 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 2010**15. DEBTORS AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2010	2009
	£	£
Trade debtors	29,360	88,622
Prepayments and accrued income	<u>31,460</u>	<u>27,169</u>
	<u>60,820</u>	<u>115,791</u>

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2010	2009
	£	£
Bank loans and overdrafts (see note 18)	123,947	111,762
Trade creditors	41,360	50,170
Social security and other taxes	29,198	30,630
Other creditors	701	82,538
Nat West credit card	784	215
Accruals and deferred income	<u>78,887</u>	<u>180,687</u>
	<u>274,876</u>	<u>456,002</u>

17. CREDITORS AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2010	2009
	£	£
Bank loans (see note 18)	<u>2,446,926</u>	<u>2,504,051</u>

HOYLAKE COTTAGE

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED for the Year Ended 31 March 2010

18 LOANS

An analysis of the maturity of loans is given below

	2010 £	2009 £
Amounts falling due within one year on demand Bank loans	<u>123,947</u>	<u>111,762</u>
Amounts falling between one and two years Bank loans - 1-2 years	<u>126,449</u>	<u>114,317</u>
Amounts falling due between two and five years Bank loans - 2-5 years	<u>394,866</u>	<u>362,341</u>
Amounts falling due in more than five years Repayable by instalments Bank loans more than 5 years	<u>1,925,611</u>	<u>2,027,393</u>

Loan from RBS is repayable over 20 years Monthly repayments commenced in October 2008 The interest rate has been set at 7.3 % for the next ten years

19. OPERATING LEASE COMMITMENTS

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

	Other operating leases	
	2010 £	2009 £
Expiring Between one and five years	<u>12,179</u>	<u>3,054</u>

20 SECURED DEBTS

The following secured debts are included within creditors

	2010 £	2009 £
Bank loans	<u>2,570,873</u>	<u>2,615,813</u>

HOYLAK COTTAGE

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED for the Year Ended 31 March 2010

21 MOVEMENT IN FUNDS

	At 1 4 09 £	Net movement in funds £	Transfers between funds £	At 31 3 10 £
Unrestricted funds				
General fund	1,445,156	16,786	660	1,462,602
Permanent fund	<u>635,074</u>	<u>-</u>	<u>-</u>	<u>635,074</u>
	2,080,230	16,786	660	2,097,676
Restricted funds				
Building appeal fund phase 2	1,327	26,700	-	28,027
Specific fixed asset donations	<u>-</u>	<u>660</u>	<u>(660)</u>	<u>-</u>
	1,327	27,360	(660)	28,027
TOTAL FUNDS	<u>2,081,557</u>	<u>44,146</u>	<u>-</u>	<u>2,125,703</u>

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

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	2,396,293	(2,379,507)	16,786
Restricted funds			
Entertainment fund	2,469	(2,469)	-
Building appeal fund phase 2	114,869	(88,169)	26,700
Specific fixed asset donations	<u>660</u>	<u>-</u>	<u>660</u>
	117,998	(90,638)	27,360
TOTAL FUNDS	<u>2,514,291</u>	<u>(2,470,145)</u>	<u>44,146</u>

Transfers between funds

This includes specific donations received and utilised during the year

22. ULTIMATE CONTROLLING PARTY

The trust is under the control of the trustees

HOYLAKE COTTAGE

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
for the Year Ended 31 March 2010

23. COMPANY LIMITED BY GUARANTEE

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