

COPE Ltd

A Company Limited by Guarantee

DIRECTORS' REPORT & FINANCIAL STATEMENTS

for the period ended

31 December 2016

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COPE LTD

CHAIR'S REPORT

31 DECEMBER 2016

I wish to thank my predecessor, Neil Jamieson, for his 3 years of service as chair of COPE. During this time considerable progress has been made towards creating an organisation with improved governance and less dependence on funders, by maximising income streams from the various strands of the company. These achievements are a result of the combined efforts of all our motivated and dedicated staff.

On a very sad note, our long-standing trustee John Gear passed away in February. John was an excellent trustee and dedicated supporter of COPE, and is greatly missed by us all.

During 2016, the directors decided, in conjunction with our auditors, that the company's year end should be moved to 31 December. Senior management were of the opinion that this date is more suitable in respect of stocktaking in particular. Accordingly, these accounts refer to a nine month period.

Finally, I want to thank our main funders, Shetland Charitable Trust and Shetland Islands Council for their continued support and HIE for their invaluable advice and guidance, as we continue to strive to provide opportunities for our participants in accordance with the vision of COPE.

J Tait
Chair
23 May 2017



COPE LTD

DIRECTORS' REPORT

31 DECEMBER 2016

The directors present their report to the members, together with the annual financial statements for the period ended 31 December 2016.

LEGAL & ADMINISTRATIVE DETAILS

Directors

The directors of the company during the period are as follows:

Member Directors: R Coutts
J Gear (resigned 5/11/16)
N Jamieson
I Johnson
M Sim
M Simpson
J Tait
M R Simpson

General Manager: I Webb

Auditors: RSM UK Audit LLP
Chartered Accountants
St Olaf's Hall
Church Road
Lerwick
Shetland
ZE1 0FD

Bankers: Bank of Scotland
117 Commercial Street
Lerwick
Shetland
ZE1 0DN

Solicitors: Neil Risk
Nordhus
North Ness Business Park
Lerwick
Shetland
ZE1 0LZ

Charitable Status: Scottish Charity No. SC028022

Principal Address &
Registered Office: Port Business Park
Gremista
Lerwick
Shetland
ZE1 0TW

Company Number: SC186555

COPE LTD

DIRECTORS' REPORT

31 DECEMBER 2016

STRUCTURE, GOVERNANCE AND MANAGEMENT

The company was incorporated on 8 June 1998 as a company whose members' liability is limited by guarantee, the company having no share capital. The company was established under a Memorandum and Articles of Association which established the objects and powers of the charitable company and is governed under its Articles of Association.

RECRUITMENT AND APPOINTMENT OF DIRECTORS

Membership of COPE Ltd ("COPE") is made up from representatives of the entire Shetland Community who have expressed an interest in, and support for the principles and the activities of the organisation. There is provision in the Memorandum and Articles for eight directors to be elected and COPE has currently seven directors selected and elected from the Shetland Community with a range of experience including business management in the Highland and Islands. The management team features a number of highly skilled, motivated and experienced individuals, all of whom are committed to the principles, aims and objectives of the organisation. The Board are currently reviewing processes with a view to strengthening governance arrangements.

DIRECTOR INDUCTION AND TRAINING

New directors are introduced to other board members and staff and we ensure that they are made fully aware of the responsibilities of the director's role.

ORGANISATION

The board of directors, which has up to 8 members, administers the charity. The board normally meets quarterly, or more frequently in special circumstances, and is responsible for major policy decisions. The Chief Executive Officer is appointed by the directors to manage the day-to-day operations of COPE and has delegated authority, as approved by the directors, for operational matters including finance, staffing and sales, over the various sectors of the business. The board welcomes suggestions from senior management in respect of improving the performance of the charity.

THE MISSION STATEMENT OF COPE

COPE is committed to supporting adults with learning difficulties, to fulfil their expressed need to participate in productive community enterprises. These enterprises enable members of the target group to realise their full potential as members of the community, and thereby help to change perceptions about "disability".

COPE VISION

COPE believes that everyone regardless of disability should have the opportunity to work. Given the right conditions, all adults have the potential to contribute to the local economy and in so doing will learn to value themselves and others. COPE's visions are set out in detail in the Memorandum of Association. To this end COPE will focus on the abilities and experience of each individual rather than on their disability.

ACTIVITIES & ACHIEVEMENTS REVIEW

COPE Ltd (Community Opportunities for Participation in Enterprise) is registered as a Company limited by Guarantee and with charitable status (Co No: SC186555). It fulfils a diverse range of social, environmental, and economic aims, and is able to achieve this through a variety of trading activities in the market place.

COPE LTD

DIRECTORS' REPORT

31 DECEMBER 2016

COPE has been at the forefront of the promotion of social inclusion in Shetland as well as working with a number of key stakeholders and ensuring that there are sustainable employment and skill development opportunities for all participants involved with COPE's activities. The awareness of COPE and its enterprises is high throughout Shetland, and this assists COPE Ltd to seek a high market share.

COPE currently employs 30 full time and 19 part time staff, 7 of whom have disabilities. In addition we provide a minimum of 100 participant skill development sessions for people with disabilities who assist with the enterprise activities as well as gaining important work skills for themselves. Each session is 3.5 hours long and spans each of the business units.

We continually assess individual's development within the work environment and tailor each individuals program to focus on the development of core skills including:

- Planning and organising
- Teamwork
- Communication skills
- Literacy and numeracy
- Self-awareness
- Confidence
- Decision making

COPE formally recognises individual's development through the ASDAN Awards System. It offers programmes and qualifications that explicitly grow skills for learning, employment and life. ASDAN is an awarding body well recognised and approved by bodies including SQA and UCAS and is used in over 30 countries throughout the world.

As a registered centre we have chosen to adopt the WorkRight programme which formalises and develops basic employability skills.

WorkRight develops and improves existing employability skills. It has been designed to be carried out in a workplace setting. Its units focus on what an employer looks for in an employee:

- Punctuality and reliability
- Working well with others
- Completing tasks safely to the required standards
- Appreciating roles and responsibilities

We work to encourage people to feel valued and reduce social isolation. Our business includes the following units:

Shetland Kitchen Co.

Shetland Kitchen Co was the first business to be established by the company and it has gone from strength to strength. Based in the heart of the industrial estate at the Port Business Park, Lerwick, we produce a wide variety of sandwiches which are delivered to a number of retail outlets throughout the islands. We also supply freshly prepared products to Serco Northlink and various other local organisations. Shetland Kitchen Co also provides a service for conferences, weddings and lunch time buffets.

Shetland Home Co.

The Shetland Home Co plays an integral and vital role within the island community by contributing to the reduction of waste.

The Shetland Home Co includes a retail area focusing on home wares with a strong emphasis on using recycled furniture. It also incorporates a retail area for pet supplies that caters for all pets' needs. A separate area functions as an electrical workshop focusing on IT equipment and household appliances.

COPE LTD

DIRECTORS' REPORT

31 DECEMBER 2016

Over the years we have steadily increased the recycling of components from electrical appliances, PC's and machinery. This salvage activity targets high value materials such as PC motherboards for their gold, copper, brass, stainless steel, electric motors, cables, lead acid / lithium ion batteries and mild steel. Our team remove all plastic, rubber, glass and contaminants ready for sale to salvage markets on the UK mainland. We also sell a pre-pack selection of small components including assorted nuts, bolts, springs, metal axles, jewellery components, knobs and handles for model engineers, DIY enthusiasts, inventors, jewellery makers and people interested in arts and crafts. These can be found on the Shetland Home Co retail floor.

Adjacent to the main building of the Shetland Home Co you will find the rural freight centre. This valuable community asset was established to support three main hauliers' supplying goods to Yell, Unst and Whalsay. It also facilitates a group of small rural businesses to exchange goods from a central point. The freight centre was taken on by J. W Gray & Co in January 2017.

Shetland Garden Co.

Shetland Garden Co continues to provide a wide variety of plants, garden furniture, garden ornaments, trees & shrubs for sale to the public. In 2015 we completed the development of a garden retail shop and investment in the overall infrastructure of the site including the refurbishment of a large polytunnel.

Shetland Soap Company / Orkney Soap

The Shetland Soap Company is a successful handmade soap and skincare manufacturer, wholesaler and retailer, creating exclusive products using traditional and contemporary methods with an emphasis on natural ingredients and herbal therapy. Located in Lerwick and also in Orkney we make all our own products in the manufacturing areas which are located within the retail premises where most of the products are sold. We also have an online retail operation at www.shetlandsoapcompany.co.uk selling Shetland Soap Company products. We are a major wholesale provider to a number of businesses both in Shetland and beyond including, notably, Northlink Ferries, Mareel and Shetland Recreational Trust. We are actively looking to expand this side of the business and hope to gain progress in internationalising our customer base on 2017 following a successful refurbishment of the production area to ensure a better environment for participants and staff.

The Weisdale Building

COPE has developed links with the wider community and now is proud to be working in partnerships with other charitable organisations. These include the SIC Bridges project.

ECONOMIC CLIMATE AND FINANCIAL REVIEW

Our total income for the 9 month period was £946,368 compared to £1,141,584 for the 12 months to 31 March 2016. Of this income, £568,793 came from our enterprise activities in 2016 which represents 60% of total income (year to 31 March 2016 – 56%). Total expenditure for the 9 months was £972,303 giving a net decrease in reserves for the period of £25,935. At 31 December 2016 total funds were £758,788 (March 2016 - £784,723) of which £25,289 were restricted (March 2016 - £25,281). We continued to incur high repairs costs to a property of the charity in the period to 31 December 2016.

COPE LTD

DIRECTORS' REPORT

31 DECEMBER 2016

Our main funders are the Shetland Charitable Trust and Shetland Islands Council. Within 2016 COPE Ltd has worked hard to boost its financial sustainability and lessen its reliance on grant funding. Indications for an increased self-generated income are good and plans to develop this further in 2017-18 are in place. Focus is being placed on achieving Organisational Excellence in the following areas:

1. Planning
2. Governance
3. Leadership and Management
4. User Centred Services
5. Managing People
6. Learning and Development
7. Managing Money
8. Managing Resources
9. Communications and Promotions
10. Working with Others
11. Monitoring and Evaluation

This process underlines our commitment to our Memorandum and Articles strengthening our intention to focus our efforts on our core business, and continuing to provide a range of quality sustainable employment skill development opportunities for people with disabilities within our local community. COPE is currently operating at full capacity although there is a continued demand for us to provide additional participant sessions.

DESIGNATED RESERVES

Designated funds have been reviewed in 2016 by the directors for the particular expenditure as follows:

- A designated fund has been set up for building maintenance which covers ongoing maintenance requirements of all buildings and will cover contractor costs.
- The compliance/ HR/ legal designated fund is required for processes such as Quality Management and Strategic Risk Management.
- The Scale and Growth Resources fund includes provisions for building improvements to The Shetland Soap Company including the refurbishment of the flat.
- Expenditure was incurred in the pension designated in the period for a pension review by Carden Associates.
- The Transport Infrastructure fund includes the upgrade of company vehicles.

The designated funds for 2017 are as follows:

Building Maintenance	£14,536
Compliance/ HR/ Legal	£18,000
Scale and Growth Resources	£20,250
Pension	£29,525
Transport Infrastructure	£20,000

FUTURE PLANS

COPE's aims for 2017 are to continue to consolidate and improve existing services to ensure that the company is providing best value for both the participants and grant funders.

The economic climate is challenging and COPE aims to work towards ensuring the sustainability of services with measured growth of around 3% in all existing business units, whilst minimising overheads and looking for new income streams.

COPE LTD

DIRECTORS' REPORT

31 DECEMBER 2016

The forthcoming twelve months continue to be strongly focused on achieving "Organisational Excellence" in all 11 core areas listed earlier in the report. These goals are in place to achieve consistently high quality outcomes for our participants and staff. It also continues to place focus on developing relationships within the Voluntary Sector, within and outwith Shetland, to deliberately attain professional and innovative evidence based practices and services.

The success of any organisation depends on its team and culture. The Board of Directors would like to thank all COPE employees for their hard work across 2016.

RESERVES POLICY

General funds are unrestricted funds which are available for use at the discretion of the Directors in furtherance of the general objectives of the charity, which have not been designated for any other purpose.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by funders or which have been raised by the charity for particular purposes. The costs of raising and administering such funds are charged against the specific fund.

COPE directors have established a policy whereby the unrestricted funds not committed or invested in tangible fixed assets held by the charity should be between 3 and 6 months of the expenditure.

Actual expenditure for 2016 was £972,303 and therefore the target is £324,101 to £648,202 in general unrestricted funds. The reserves are needed to meet the working capital requirements of the charity and the directors are confident that at this level they would be able to mitigate, over the short term, the effect on participants of any further cut in funding. The present level of reserves available to the charity of £310,403 therefore falls short of this target level, although the strategy is to continue to build reserves through planned operating surpluses.

PAY POLICY FOR SENIOR STAFF

The pay structure of senior management has been reviewed, using similar charities throughout Scotland as a benchmark. Bearing in mind the wide range of reward for similar roles, the board and management have reached agreement on mutually satisfactory levels of pay. A balance between the requirement to attract and retain dedicated staff and financial responsibility has to be struck. This review will take place annually.

RISK MANAGEMENT

The directors confirm that the major risks to which the charity is exposed have been considered and reviewed.

The main risk is the level of reduced funding. Should this issue arise there is the reserves fund which could be utilised, however it is more likely that services would have to be reduced.

TRUSTEE INDEMNITY INSURANCE

The Board has in place appropriate trustee indemnity insurance cover, arranged with Chartis Insurance UK Ltd. via our insurance agents Messrs T L Dallas & Co. Ltd.

COPE LTD

DIRECTORS' REPORT

31 DECEMBER 2016

RELATED PARTIES

All directors give of their time freely and no director received remuneration during the period. Details of directors' expenses are disclosed in note 25 to the accounts. Any connection between a director or senior management of COPE and any party providing services to COPE must be disclosed to the full board of directors.

N Jamieson, who is a director of COPE Ltd, was also a director of Westside Landscaping Services Limited and operated as NJ Builders during the period.

I Johnson, who is a director of COPE Ltd, was also a director of Shaw Marketing and Design Limited during the period.

All transactions between the above related parties and COPE Ltd were at normal market prices.

DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The trustees (who are also the directors of COPE Ltd for the purposes of company law) are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the directors 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 directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. observe the methods and principle in the Charities SORP;
- c. make judgements and estimates that are reasonable and prudent;
- d. state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- e. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

In so far as the directors are aware:

- there is no relevant audit information of which the charitable company's auditor is 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 auditor is aware of that information.

COPE LTD
DIRECTORS' REPORT
31 DECEMBER 2016

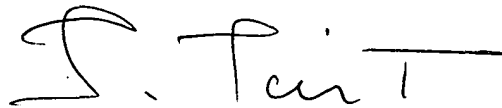
AUDITOR

The auditor, RSM UK Audit LLP, Chartered Accountants, has indicated its willingness to continue in office.

This report has been prepared in accordance with the 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 2015) - (Charities SORP (FRS 102)), the Charities Accounts (Scotland) Regulations 2006 and in accordance with the small companies regime.

Approved by the board of directors on 23 May 2017 and signed on their behalf by:

J Tait
Chair

A handwritten signature in black ink, appearing to read 'J. Tait', with a long horizontal stroke extending to the right.

COPE LTD

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES AND MEMBERS OF COPE LTD

Opinion on financial statements

We have audited the financial statements of COPE Ltd (the 'charitable company') for the period ended 31 December 2016 which comprise the Statement of Financial Activities (Incorporating Income and Expenditure Account), the Balance Sheet, the Cash Flow Statement 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 FRS 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 2016 and of its incoming resources and application of resources, including its income and expenditure, for the period 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, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditscopeukprivate>

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements and, based on the work undertaken in the course of our audit, the Directors' Report 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 any material misstatements in the Directors' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

- the charitable company has not kept adequate accounting records, 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 prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption from the requirement to prepare a Strategic Report or in preparing the Directors' Report

Respective responsibilities of trustees and auditor

As explained more fully in the Statement of Directors' responsibilities set out on page 8, 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.

We have been appointed auditors under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report to you in accordance with regulations made under those Acts.

COPE LTD

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES AND MEMBERS OF COPE LTD

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 (APB's) Ethical Standards for Auditors.

This report is made exclusively to the members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the charity's trustees, as a body, in accordance with section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended). Our audit work has been undertaken so that we might state to the members and the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity, its members as a body, and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Irene Hambleton BAcc CA (Senior Statutory Auditor)

For and on behalf of RSM UK AUDIT LLP, Statutory Auditor

Chartered Accountants

St Olaf's Hall

Church Road

Lerwick

Shetland

ZE1 0FD

Date

30 August 2017

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

COPE LTD

STATEMENT OF FINANCIAL ACTIVITIES (Incorporating Income and Expenditure Account)

for the period 01 April 2016 to 31 December 2016

	Note	Unrestricted Income Funds £	Restricted Income Funds £	Restricted Capital Funds £	Total Funds Period ended 31 Dec 2016 £	Total Funds Year ended 31 Mar 2016 £
INCOME						
Donations	2	154,932	-	-	154,932	201,660
<i>Income from charitable activities:</i>						
Grants, SLA's and reimbursements	4	-	213,860	-	213,860	280,317
Enterprise projects	4	568,793	-	-	568,793	648,848
Investment income	3	495	8	-	503	915
Other - rental income	5	8,280	-	-	8,280	9,844
Total Income		732,500	213,868	-	946,368	1,141,584
EXPENDITURE						
<i>Expenditure on charitable activities:</i>						
Social Enterprise Activity	6	758,443	213,860	-	972,303	1,199,095
Total Expenditure		758,443	213,860	-	972,303	1,199,095
Net (expenditure)/income before transfers		(25,943)	8	-	(25,935)	(57,511)
Transfers	18	13,124	-	(13,124)	-	-
Net movement in Funds		(12,819)	8	(13,124)	(25,935)	(57,511)
Reconciliation of funds						
Total funds brought forward		323,222	25,281	436,220	784,723	842,234
Total funds carried forward	18	310,403	25,289	423,096	758,788	784,723

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

All income and expenditure derives from continuing activities.

COPE LTD

Company Registration No. SC186555

BALANCE SHEET

31 December 2016

	Notes	31 Dec 2016 £	31 Dec 2016 £	31 Mar 2016 £	31 Mar 2016 £
FIXED ASSETS					
Tangible assets	11		542,099		551,490
Investments	12		1		1
			<u>542,100</u>		<u>551,491</u>
CURRENT ASSETS					
Stock		120,031		136,601	
Debtors	13	26,975		23,083	
Cash at bank and in hand		324,757		367,837	
			<u>471,763</u>	<u>527,521</u>	
CREDITORS					
Amounts falling due within one year	14	(186,190)		(294,289)	
			<u>285,573</u>	<u>233,232</u>	
NET CURRENT ASSETS					
			<u>827,673</u>	<u>784,723</u>	
TOTAL ASSETS LESS CURRENT LIABILITIES					
CREDITORS					
Amounts falling due after more than one year	16		(68,885)		-
			<u>758,788</u>	<u>784,723</u>	
NET ASSETS			<u>758,788</u>	<u>784,723</u>	
THE FUNDS OF THE CHARITY:					
Restricted funds - capital	18		423,096		436,220
Restricted funds	18		25,289		25,281
Unrestricted funds	18		310,403		323,222
			<u>758,788</u>	<u>784,723</u>	
Total charity funds	18		<u>758,788</u>	<u>784,723</u>	

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

The notes at pages 15 to 26 form part of these accounts.

These financial statements were approved by the board of directors and authorised for issue on 23 May 2017 and are signed on their behalf by:

J Tait



Chair

COPE LTD

STATEMENT OF CASH FLOWS

for the period 01 April 2016 to 31 December 2016

	Notes	31 Dec 2016 £	31 Mar 2016 £
Cash used in operating activities	26	(102,506)	(222,021)
Cash flows from investing activities:			
Interest income		503	915
Purchase of property, plant and equipment		(12,265)	(26,633)
		—	—
Cash used in investing activities		(11,762)	(25,718)
		—	—
Cash flows from financing activities:			
Receipt of loans		75,000	-
Repayment of borrowings		(3,812)	-
		—	—
Cash flows from financing activities		71,188	-
		—	—
Decrease in cash and cash equivalents in the period / year		(43,080)	(247,739)
Cash and cash equivalents at the beginning of the period / year		367,837	615,576
		—	—
Total cash and cash equivalents at the end of the period / year		324,757	367,837
		=====	=====

COPE LTD

NOTES TO THE FINANCIAL STATEMENTS

for the period 01 April 2016 to 31 December 2016

1 PRINCIPAL ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements have been prepared in accordance with 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 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

COPE Ltd meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

COPE Ltd has a subsidiary, The Shetland Soap Company Limited, however as this company is dormant no group accounts have been prepared.

ACCOUNTING PERIOD CHANGE

As permitted by applicable company law, the year end date has been changed from 31 March to 31 December resulting in a nine month period. This decision was made so that the financial statements could be prepared at a more appropriate time for the company. This does mean that the prior year figures are not comparable with the current period.

GOING CONCERN

The income generated from the charity's operation is not sufficient to cover all operating costs, and the charity is therefore dependent on the receipt of grants from external bodies. The charity has secured funding to 31 March 2020 from the Shetland Charitable Trust, and the Shetland Islands Council have confirmed three year funding under the supported employment service level agreement. This allows the charity to continue for the foreseeable future.

It is the opinion of the directors, taking the above funding position into account, that the company is a going concern; the financial statements do not include any adjustments that would result from a going concern basis not being appropriate.

FUND ACCOUNTING

- Unrestricted funds are available for use at the discretion of the directors in furtherance of the general objectives of the charity.
- Designated funds are unrestricted funds earmarked by the directors for particular purposes.
- Restricted funds are subjected to restrictions on their expenditure imposed by the grantor.

INCOME

Income including capital grants is included in the Statement of Financial Activities (SoFA) when:

- the charity becomes entitled to the funds;
- it is probable the income will be received;
- the monetary value can be measured with reasonable accuracy; and
- any performance conditions attaching to the income have been satisfied.

COPE LTD

NOTES TO THE FINANCIAL STATEMENTS

for the period 01 April 2016 to 31 December 2016

1 PRINCIPAL ACCOUNTING POLICIES (continued)

INCOME (continued)

The following policies are applied to particular categories of income:

- Voluntary income is received by way of grants, donations and gifts and is included in full in the Statement of Financial Activities when receivable. Grants, where entitlement is not conditional on the delivery of a specific performance by the charity, are recognised when the charity becomes unconditionally entitled to the grant.
- Donated services and facilities are included at the value to the charity where this can be quantified. The value of services provided by volunteers has not been included in these accounts.
- Furniture and other items donated for resale through the charity's home company are included as incoming resources within activities for generating funds when they are sold.
- Investment income is included when receivable.
- Incoming resources from charitable trading activity are accounted for when earned.

Income from grants, where related to performance and specific deliverables, is accounted for as the charity earns the right to consideration by its performance.

Grants received may require to be repaid if conditions are breached. The grantors may also ask for money back if they deem too large a surplus has been made.

RESOURCES EXPENDED

Expenditure is recognised on an accruals basis when a liability is incurred.

- Charitable activities include expenditure associated with trading activities undertaken for the furtherance of the charity's objectives and beneficiaries and include both the direct costs and support costs relating to these activities.
- Governance costs are included in charitable activities and include those incurred in the governance of the charity and its assets and are primarily associated with constitutional and statutory requirements.
- Support costs are included in charitable activities and include central functions and have been allocated to activity cost categories on a basis consistent with the use of resources, e.g. per capita, and other costs by their usage.

LIABILITY RECOGNITION

Liabilities are recognised as soon as there is a legal or constructive obligation committing the charity to pay out resources.

FIXED ASSETS

Individual fixed assets costing £500 or more are capitalised at cost. Depreciation is provided on all tangible fixed assets using the straight line basis so as to write off the asset cost less estimated residual value over its anticipated useful life. The following rates of depreciation have been used:

Freehold Property	0 -10%
Equipment	20%
Motor vehicles	20%
Computer equipment	33%

COPE LTD

NOTES TO THE FINANCIAL STATEMENTS

for the period 01 April 2016 to 31 December 2016

1 PRINCIPAL ACCOUNTING POLICIES (continued)

STOCKS

Stocks are valued at the lower of cost and net realisable value.

Due to the high volume of low value items it is impractical to estimate the fair value of donated items of stock for resale. The charity therefore takes advantage of the exemption in Charities SORP (FRS 102) 6.29 and does not recognise these items on receipt. Instead, the value to the charity of the donated goods is recognised as income when sold.

DEBTORS

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

CASH AT BANK AND IN HAND

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

CREDITORS AND PROVISIONS

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

FINANCIAL INSTRUMENTS

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

FIXED ASSET INVESTMENTS

Fixed asset investments are stated at cost less any provision for diminution in value.

LEASING AND HIRE PURCHASE CONTRACTS

Assets obtained under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives. The interest element is charged to income and expenditure account over the period of the agreement. Rentals under operating leases are charged to the income and expenditure account when paid.

PENSION COSTS

The charity makes defined contributions to personal pension plans of employees. The amounts charged against income represent the contributions payable to the plans in respect of the accounting period.

COPE LTD

NOTES TO THE FINANCIAL STATEMENTS

for the period 01 April 2016 to 31 December 2016

1 PRINCIPAL ACCOUNTING POLICIES (continued)

TERMINATION BENEFITS

Termination benefits are measured at the best estimate of the expenditure required to settle the obligation at the reporting date. If the expected settlement date of the termination payments is 12 months or more after making the provision and the effect would be material, the present value of the obligation must be calculated using an appropriate discount rate.

2 DONATIONS

	31 Dec 2016 £	31 Mar 2016 £
Unrestricted funds:		
Shetland Development Trust surplus distribution	150,000	200,000
Other donations received	4,932	1,660
	<u>154,932</u>	<u>201,660</u>
	=====	=====

3 INVESTMENT INCOME

Investment income consists of interest receivable on bank accounts.

4 INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

	Unrestricted	Restricted	Capital	31 Dec 2016 Total £	31 Mar 2016 Total £
	£	£	£	£	£
Grants, SLA's and reimbursements:					
Shetland Charitable Trust	-	116,226	-	116,226	154,967
Shetland Islands Council SLA	-	76,850	-	76,950	102,600
SIS – ASDA travel grant	-	3,600	-	3,600	-
OIC – Kirkwall Bid grant	-	3,000	-	3,000	-
Fairer Shetland Funding	-	3,250	-	3,250	9,750
The Robertson Trust	-	10,834	-	10,834	13,000
	<u>-</u>	<u>213,860</u>	<u>-</u>	<u>213,860</u>	<u>280,317</u>
	=====	=====	=====	=====	=====
Enterprise income	568,793	-	-	568,793	648,848
	<u>568,793</u>	<u>213,860</u>	<u>-</u>	<u>782,653</u>	<u>929,165</u>
	=====	=====	=====	=====	=====

5 OTHER INCOME

Other income consists of rental income on the Harrison Square property and the Weisdale Centre.

COPE LTD

NOTES TO THE FINANCIAL STATEMENTS

for the period 01 April 2016 to 31 December 2016

6 DETAILS OF CHARITABLE ACTIVITIES

The amount spent on charitable activities, including support costs, is analysed by project area as follows:

	Activities Undertaken Directly £	Grant funding activities £	Support Costs £	31 Dec 2016 Total £	31 Mar 2016 Total £
Social Enterprise Activity	825,070	-	147,233	972,303	1,199,095
	=====	=====	=====	=====	=====

7 SUPPORT COSTS

The support costs of the charity consist of six cost elements: general office and finance staff, management, office costs, legal and professional, finance costs and governance costs.

The management staff salaries are funded by the Shetland Charitable Trust grant. See note 18.

These costs have been apportioned across the work of the charity on a basis consistent with the use of resources.

	Basis of Allocation	31 Dec 2016 Total £	31 Mar 2016 Total £
General office and finance staff	Staff	43,306	55,923
Allocation of management time	Staff	53,339	65,145
Office costs	Usage	17,502	30,491
Legal and professional	Usage	8,366	2,853
Finance costs	Usage	10,998	9,772
Governance costs (see below)	Usage	13,722	16,905
		-----	-----
		147,233	181,089
		=====	=====

The governance costs of the charity consisted of the following costs:

	31 Dec 2016 £	31 Mar 2016 £
Audit fees	11,575	14,618
Accountancy fees	2,050	1,520
Directors' insurance and board meeting costs	97	767
	-----	-----
	13,722	16,905
	=====	=====

COPE LTD

NOTES TO THE FINANCIAL STATEMENTS

for the period 01 April 2016 to 31 December 2016

8 EMPLOYEE COSTS	31 Dec 2016 £	31 Mar 2016 £
Wages & salaries	482,024	633,953
Social security costs	29,456	37,146
Redundancy payments	-	7,993
Pension contributions	18,223	24,203
	<hr/>	<hr/>
Participants' reimbursement	529,703 5,826	703,295 7,330
	<hr/>	<hr/>
	535,529 =====	710,625 =====

The average number of employees, analysed by function, was:

Management & administration	4	4
Enterprise projects - staff and supported employees	45	52
- participants total	20	24
	=====	=====

We provide a minimum of 100 skill development sessions per week.

Directors remuneration for the period was £Nil (Year to 31 March 2016 - £Nil).

No employee received emoluments greater than £60,000.

9 MOVEMENT IN TOTAL FUNDS FOR THE PERIOD	31 Dec 2016 £	31 Mar 2016 £
The results for the period are stated after charging:		
Depreciation of owned fixed assets	21,656	29,293
Impairment of freehold property	-	4,687
Operating lease charges	3,499	4,027
Auditors' remuneration:		
Audit services	11,575	14,618
Non-audit services	2,050	1,520
	<hr/>	<hr/>
	=====	=====

10 TAXATION

The company is accepted as a charity for taxation purposes. There is no liability to corporation tax on the results for the period.

COPE LTD

NOTES TO THE FINANCIAL STATEMENTS

for the period 01 April 2016 to 31 December 2016

11 TANGIBLE FIXED ASSETS

	Freehold Land & Property £	Leasehold Land & Property £	Equipment £	Motor Vehicles £	Total £
Cost					
At 31 March 2016	360,945	267,687	168,186	33,799	830,617
Additions	9,750	-	2,515	-	12,265
	<u>370,695</u>	<u>267,687</u>	<u>170,701</u>	<u>33,799</u>	<u>842,882</u>
At 31 December 2016	370,695	267,687	170,701	33,799	842,882
Depreciation					
At 31 March 2016	57,754	55,099	136,940	29,334	279,127
Charge for period	5,987	4,695	9,300	1,674	21,656
	<u>63,741</u>	<u>59,794</u>	<u>146,240</u>	<u>31,008</u>	<u>300,783</u>
At 31 December 2016	63,741	59,794	146,240	31,008	300,783
Net book amount					
At 31 December 2016	306,954	207,893	24,461	2,791	542,099
At 31 March 2016	303,191	212,588	31,246	4,465	551,490

12 INVESTMENT

The company's investment in its subsidiary company represents the cost of acquisition of one ordinary share, being 100% of issued share capital, in The Shetland Soap Company Limited, a company incorporated in Scotland.

13 DEBTORS

	31 Dec 2016 £	31 Mar 2016 £
Trade debtors	15,985	19,133
Other taxation and social security	-	3,226
Prepayments and accrued income	10,990	724
	<u>26,975</u>	<u>23,083</u>
	26,975	23,083

COPE LTD

NOTES TO THE FINANCIAL STATEMENTS

for the period 01 April 2016 to 31 December 2016

14 CREDITORS: amounts falling due within one year

	31 Dec 2016 £	31 Mar 2016 £
Trade creditors	29,423	55,088
Bank loans	3,912	-
Other taxation & social security	19,599	7,693
Other creditors	15,041	25,216
Pension contributions payable	3,823	3,041
Amounts due to group undertakings	1	1
Deferred income	114,391	203,250
	<u>186,190</u>	<u>294,289</u>
	=====	=====

15 DEFERRED INCOME

Deferred income comprises advance grant income which relates to the following period.

	£
Balance as at 1 April 2016	203,250
Amount released to income earned from charitable activities	(153,250)
Amount deferred in period	64,391
	<u>114,391</u>
	=====
Balance as at 31 December 2016	114,391

16 CREDITORS: amounts falling due after more than one year

	31 Dec 2016 £	31 Mar 2016 £
Bank loans	68,885	-
	<u>68,885</u>	<u>-</u>
	=====	=====

The bank loan is secured by:

Standard security over 111 Commercial Street, Lerwick, Shetland

Bond and floating charge over the whole assets of the company

COPE LTD

NOTES TO THE FINANCIAL STATEMENTS

for the period 01 April 2016 to 31 December 2016

17 FINANCIAL INSTRUMENTS

Financial instruments measured at amortised cost comprise the loan financing provided by Bank of Scotland plc to the company.

	31 Dec 2016 £	31 Mar 2016 £
Loans payable falling due within 1 year	3,912	-
Loans payable falling due between 2 and 5 years	17,144	-
Loans payable falling due after 5 years	51,741	-
	<u>72,797</u>	<u>-</u>
	=====	=====

The loan financing is in the form of a secured 15 year loan. It is at a variable 3.4% above base rate which is currently 0.25%. All repayments are in instalments.

18 ANALYSIS OF CHARITABLE FUNDS

	Balance at 31 March 2016 £	Income	Expenditure	Transfers	Balance at 31 December 2016 £
Restricted Shetland Charitable Trust fund	-	116,226	(116,226)	-	-
Restricted income funds	-	97,634	(97,634)	-	-
Restricted capital funds	436,220	-	-	(13,124)	423,096
Restricted participant donations	25,281	8	-	-	25,289
	<u>461,501</u>	<u>213,868</u>	<u>(213,860)</u>	<u>(13,124)</u>	<u>448,385</u>
	=====	=====	=====	=====	=====
Unrestricted general funds	208,222	732,500	(745,754)	13,124	208,092
Designated funds:					
Pension costs	32,000	-	(2,475)	-	29,525
Building Maintenance	15,000	-	(464)	-	14,536
Compliance/ HR/ Legal	18,000	-	-	-	18,000
Scale and Growth Resources	30,000	-	(9,750)	-	20,250
Transport Infrastructure	20,000	-	-	-	20,000
	<u>784,723</u>	<u>946,368</u>	<u>(972,303)</u>	<u>-</u>	<u>758,788</u>
	=====	=====	=====	=====	=====

The Shetland Charitable Trust provides funding toward the following expenditure:

- Chief Executive Officer, Business Manager and administration and finance staff salaries
- Premises costs of the main office of rent, rates and heat and light
- Audit and accountancy fees

Restricted income funds are funds which are to be used in accordance with specific restrictions imposed by funders or which have been raised by the charity for particular purposes. The costs of raising and administering such funds are charged against the specific fund.

COPE LTD

NOTES TO THE FINANCIAL STATEMENTS

for the period 01 April 2016 to 31 December 2016

19 ANALYSIS OF CHARITABLE FUNDS (continued)

Restricted participant donations were previously given for a Whalsay project which was cancelled. The donors gave their permission for the money to be retained provided that it was spent on the participants.

The restricted capital fund is reduced over the useful economic lives of the assets in line with depreciation. This amount is treated as a transfer to unrestricted funds.

Designated funds have been reviewed this period by the directors for the particular expenditure noted below.

The pension designated fund was set up on 1 March 2015, expenditure was incurred in the period for a pension review by Carden Associates.

The building maintenance fund covers ongoing maintenance requirements of all buildings and will cover contractor costs. Expenditure was incurred in the period of £464.

The compliance/ HR/ legal designated fund is required for processes such as Quality Management and Strategic Risk Management. It remains unchanged.

The Scale and Growth Resources fund includes provisions for building improvements to the Shetland Soap Company including the refurbishment of the area above the shop. Expenditure of £9,750 was incurred in the period.

The Transport Infrastructure fund includes the upgrade of company vehicles. This remains unchanged.

20 ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted fund £	Restricted income fund £	Restricted capital fund £	Total £
Fixed assets	119,004	-	423,096	542,100
Net current assets	260,284	25,289	-	285,573
Creditors of more than a year	(68,885)	-	-	(68,885)
	<u>310,403</u>	<u>25,289</u>	<u>423,096</u>	<u>758,788</u>
	=====	=====	=====	=====

21 OTHER FINANCIAL COMMITMENTS

The total future minimum lease payments under non-cancellable operating leases are as follows:

	31 Dec 2016 £	31 Mar 2016 £
Amounts due:		
Within one year	35,098	35,757
Between one and five years	70,743	96,275
After five years	48,233	57,896
	<u>154,074</u>	<u>189,928</u>
	=====	=====

COPE LTD

NOTES TO THE FINANCIAL STATEMENTS

for the period 01 April 2016 to 31 December 2016

22 COMPANY STATUS

The company is limited by guarantee and does not have a share capital. The liability of the members is limited to an amount not exceeding £1 each.

23 LIABILITY INSURANCE

The company has liability insurance for its directors and officers through a directors and officers combined policy.

24 CONTINGENT LIABILITIES

There are contingent liabilities to pay back any grants received if conditions are breached. The grantors may also ask for money back if they deem too large a surplus has been made.

25 RELATED PARTY TRANSACTIONS

N Jamieson, who is a director of COPE Ltd, was also a director of Westside Landscaping Services Limited during the period. Purchases made from Westside Landscaping Services Limited during the period were £Nil (Year to 31 March 2016 - £1,745) with £Nil (Year to 31 March 2016 - £Nil) included in creditors at the period end. In the period, purchases made from NJ Builders, which is N Jamieson's sole trade business, were £15,610 (Year to 31 March 2016 - £Nil) with £5,000 (Year to 31 March 2016 - £Nil) included in creditors at the period end.

I Johnson, who is a director of COPE Ltd, was also a director of Shaw Marketing and Design Limited during the period. Purchases made from Shaw Marketing and Design Limited during the period were £2,303 (Year to 31 March 2016 - £2,533) with £1,274 (Year to 31 March 2016 - £224) included in creditors at the period end.

During the period directors were reimbursed expenses of £97 which related to a leaving gift for one trustee. In the period to 31 March 2016 directors were reimbursed expenses of £777. This related to travel and accommodation for two trustees at an awards ceremony.

The Key Management Personnel of the company consists of the trustees, Chief Executive Officer, Business & HR Manager, Finance Manager and Employability Development Manager. The total employee benefits of the key management personnel of the company were £102,886 (Year to 31 March 2016 - £131,549).

26 RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	31 Dec 2016	31 Mar 2016
	£	£
Net movement in funds	(25,935)	(57,511)
Add back depreciation charge	21,656	29,293
Add back impairment charge	-	4,687
Deduct interest as investing rather than operating	(503)	(915)
Decrease / (increase) in stock	16,570	(20,112)
(Increase) / decrease in debtors	(3,892)	8,388
(Decrease) in creditors	(110,402)	(185,851)
	<hr/>	<hr/>
Net cash (outflow) in operating activities	(102,506)	(222,021)
	<hr/>	<hr/>

COPE LTD

NOTES TO THE FINANCIAL STATEMENTS

for the period 01 April 2016 to 31 December 2016

27 POST-BALANCE SHEET EVENTS

The sale of the Harrison Square property was agreed prior to the period end and the sale was completed post period end. The price has been agreed at £60,000. The property is held in the accounts at £57,909 at the period end.