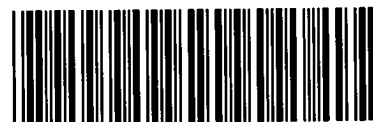


**Charity Registration No. SC028022 (Scotland)**

**Company Registration No. SC186555 (Scotland)**

**COPE LTD.  
A Company Limited by Guarantee  
REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
31 DECEMBER 2020**

**WEDNESDAY**



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**22/09/2021**

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**COMPANIES HOUSE**

# COPE LTD.

## LEGAL AND ADMINISTRATIVE INFORMATION

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|                                  |  |
|----------------------------------|--|
| <b>Directors</b>                 | N Jamieson<br>M Sim<br>T Simpson<br>J Tait<br>A Gair<br>J Birnie   |
| <b>Chief Executive Officer</b>   | I Webb   |
| <b>Key Management Personnel</b>  | Sarah Jackson<br>Alison Moar<br>Debbie Main  |
| <b>Charity number (Scotland)</b> | SC028022   |
| <b>Company number</b>            | SC186555   |
| <b>Registered office</b>         | Port Business Park<br>Gremista<br>Lerwick<br>Shetland<br>ZE1 0TW   |
| <b>Auditor</b>                   | RSM UK Audit LLP<br>Chartered Accountants<br>First Floor, Quay 2<br>139 Fountainbridge<br>Edinburgh<br>EH3 9QG |
| <b>Bankers</b>                   | Bank of Scotland<br>117 Commercial Street<br>Lerwick<br>Shetland<br>ZE1 0DN                                    |
| <b>Solicitors</b>                | Neil Risk<br>North Ness<br>Lerwick<br>Shetland<br>ZE1 0LZ  |

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# COPE LTD.

## CHAIRPERSON'S REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2020

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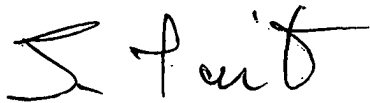
The events of 2020 were largely dominated by the Covid 19 outbreak. COPE closed its doors as required at the end of March 2020, partially reopening its operations towards the end of June for the Garden Co and during July for the Soap Co and Home Co. The Kitchen Co reopened on a reduced scale later in the year. During the period of closure, support continued to be given remotely to all participants during isolation. Social distancing requirements have impacted on the return of participants, which is a gradual continuing process.

COPE took advantage of the Coronavirus Job Retention Scheme, choosing to pay employees 100% of wages while on furlough, rather than the minimum 80% government requirement. This decision was taken to give support to our dedicated staff during a particularly difficult period. COPE is extremely grateful for the assistance received from National and Local support schemes, without which its continued existence would have been in question. The uplift in grant receivable from the SCT is much appreciated, as is the buffer in place should sales continue to be depressed during 2021. Thanks are also due to SIC and HIE for their continued support during these challenging times.

At Board level 2020 was a very challenging year, the necessity for remote meetings due to the Covid outbreak being a contributory factor. Four members stood down during June and July for a variety of reasons. I thank them all for their contribution and support given to COPE over several years. Since their departure we have recruited two new members, who are already proving to be a great asset, and are looking to increase this number further in the future.

Finally, to all the senior management team, team leaders, support workers and participants, who make COPE what it is, a big thank you for your support and commitment to COPE during a very difficult year.

J Tait  
Chair



1 September 2021

# **COPE LTD.**

## **DIRECTORS' REPORT**

### **FOR THE YEAR ENDED 31 DECEMBER 2020**

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The directors present their report and financial statements for the year ended 31 December 2020.

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the charitable company's Memorandum and Articles, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and "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)" (as amended for accounting periods commencing from 1 January 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 six 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 continue to review 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 can have up to 15 members, administers the charity. The Board currently has 6 Directors. 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 AND OBJECTIVES**

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 objectives are set out in detail in the Memorandum of Association, specifically the relief of poverty and distress of adults with learning difficulties in Shetland by aiding them to advance into employment. To this end COPE will focus on the abilities and experience of each individual rather than on their disability.

# **COPE LTD.**

## **DIRECTORS' REPORT (CONTINUED)**

### **FOR THE YEAR ENDED 31 DECEMBER 2020**

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#### **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 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 Scotland, and this assists COPE Ltd to seek a high market share locally and nationally.

COPE currently employs 19 full time and 35 part time staff, 6 of whom have learning disabilities. In addition, we provide 100 participant skill development sessions per week 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 individual's 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. / Shetlandeli**

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. Shetlandeli, compliments the existing Shetland Kitchen Co by producing small handmade batches of high quality chutney and relishes which are sold at various outlets within Shetland.

# COPE LTD.

## DIRECTORS' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2020

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#### 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. A separate area functions as an electrical workshop focusing on IT equipment and household appliances.

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. The Shetland Home Co is also a Revolve Certified Store with EFQM accreditation.

#### 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.

#### Shetland Soap Company

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 central Lerwick we make all our own products in the manufacturing areas which are located within the retail premises. We also have an online retail operation at [www.shetlandsoapcompany.co.uk](http://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 and Mareel. We have been actively expanding the Shetland Soap Company customer base into the Scottish mainland over the past year.

#### The Weisdale Building

COPE leases the Weisdale building to Shetland Islands Council – Bridges project. This partnership supports our social purpose aims by allowing bridges to build on young people's employability skills.

### ECONOMIC CLIMATE AND FINANCIAL REVIEW

Our total income for the year was £1,115,734 compared to £1,114,127 for the year to 31 December 2019. Of this income, £320,401 came from our enterprise activities in 2020 which represents 29% of total income (period to 31 December 2019 – 49%). Total expenditure for the year was £1,015,265 giving a net increase in reserves for the year of £100,469. After the capital reserve transfer this is a net increase of £116,534 in unrestricted income reserves and a net decrease of £2,994 in restricted income funds. At 31 December 2020 total funds were £670,698 (December 2019 - £570,229) of which £18,917 were restricted (December 2019 - £21,911).

Our main funders are the Shetland Charitable Trust and Shetland Islands Council. Within 2020 COPE Ltd has worked hard to boost its financial sustainability and lessen its reliance on grant funding. Good progress has been made in increasing self-generated funds for the other business units and plans to develop this further in 2021 are in place.

It should be noted that financial sustainability remains a high priority for the organisation despite a highly challenging grant funding culture. We continue 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.

# COPE LTD.

## DIRECTORS' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2020

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#### DESIGNATED RESERVES

Designated funds have been reviewed in 2020 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 increasing the production capacity of Shetland Soap and Shetlandeli.
- Designated pension fund.
- The Transport Infrastructure fund includes the upgrade of company vehicles.

The designated funds for 2020 are as follows:

|                                  |         |
|----------------------------------|---------|
| Building Maintenance             | £10,468 |
| Compliance/ HR/ Legal            | £10,000 |
| Scale and Growth Resources       | £59,595 |
| Pension                          | £10,000 |
| Transport Infrastructure         | £10,000 |
| Capital assets internally funded | £61,531 |

#### FUTURE PLANS

In looking forward to the next year COPE remains committed to developing and implementing a robust recovery and renewal process following COVID 19.

For all organisations 2020-21 has been an extremely challenging year. During the pandemic, the enterprise income of COPE declined extensively. This decline in income was as a direct result of COVID 19 and the subsequent closure of our retail premises. Some income was still able to be generated through our online sales throughout the year, but this was in no way sufficient to bridge the gap. This has had a huge impact on the enterprise income for 2020.

As a direct result of COVID 19 and the impact it had on the organisation's ability to trade, COPE was able to access financial assistance from several different sources:

COPE accessed the Resilience fund, which helped support the loss in Income for a 3-month period during April, May and June 2020.

COPE was also able to use the UK Government's Job Retention Scheme, and this ensured that all employees' jobs were secured in to 2021 and wages were supported in the pandemic period.

£ 50,000.00 was obtained from the Bounce Back Loan offer.

COPE also was successful in being awarded the Coronavirus Business Support Grant from the Local Authority. These funds also played a part in assisting the cash flow of the organisation during the pandemic.

Without these funds COPE would not have been able to maintain itself financially and would now not be trading. This would be devastating to our local community and its people with learning disabilities. COPE remains very grateful for the support it has been able to access during this time.

From September 2020, as restrictions in Shetland were reduced to level 1, COPE was able to partially reopen. COPE had to ensure that each retail outlet operated within the strict government guidelines to ensure the safety and wellbeing of all participants, staff and customers.

The requirements of the safety measures did not allow us to bring back our full complement of staff or resume all the participant work placements and from September 2020 until December 2020 we are operating on reduced capacity.

# **COPE LTD.**

## **DIRECTORS' REPORT (CONTINUED)**

### **FOR THE YEAR ENDED 31 DECEMBER 2020**

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#### **FUTURE PLANS (continued)**

In December 2020 Shetland was placed in Level 3 as the remainder of Scotland was placed into Level 4. Unfortunately, in late December Shetland suffered another community outbreak of COVID 19 and as a result COPE took the difficult decision not to reopen our business units in early January as planned until the local outbreak was under control.

COPE returned to operating 6 days per week in Mid-February again in adherence with all government guidelines. Since then, we have seen a slow engagement from customers as the local population remain nervous to engage in retail.

Despite lockdown COPE maintained a service to people with learning disabilities during the pandemic through online and virtual support and therefore its SLA with the local authority was held in place.

Over the next 12 months COPE would like to deliver a strong and confident response to the challenges COVID 19 has presented. We plan to look at the overall functionality of the organisation and strengthen the social and business functions with a view to meaningful recovery and renewal.

The employment and skill development of people with disabilities lies at the core of the organisation's purpose. COPE plans to strengthen its employability offering by diversifying its current service. We believe that during the pandemic there has been growth in our community cohesion. We therefore understand that now is a key time in taking the opportunity to further engage with local employers to promote the part they can play in making Shetland a fairer place to live and work for all.

COPE also sees the possibilities of growth in its business units by taking advantage of a change in customer habits towards buying social and buying local. Success in maintaining and developing a greater social impact is inextricably linked to its success in developing and implementing plans to expand its market share for its products locally, nationally, and internationally.

By putting the correct infrastructure in place to help us grow our different markets with confidence and commitment we feel we can protect our social purpose work into the future.

COPE connects with the aspirations written in Shetland partnership Plan 2018-2028 in which it states that Shetland should be a place where "everyone is able to thrive; living well in strong, resilient communities; and where people and communities are able to help plan and deliver solutions to future challenges".

Over the past 10 years many additional improvements have been made to ensure that people with learning disabilities and autism have a route to a meaningful career path and are valued within our community.

COPE understand the need to provide an enhanced service to people with disabilities by working alongside other employability stakeholders in Shetland to do more. By more we mean employing more people with disabilities or enhancing the skills of people with learning disabilities to allow them to engage in employment or work experience should they so wish.

COPE is never more committed to ensure that everyone with a learning disability have access to work experience and employment. We understand that expanding the markets for our own products would allow more opportunities for people with learning disabilities to achieve positive employability outcomes.

Our Aims and Objectives for 2021/2022 are therefore as follows:

1. Extend the reach of COPEs social impact to tackle inequalities and the promotion of inclusion
2. Encourage the pursuit of skill development opportunities for all within COPE Ltd
3. Ensure the efficient and effective governance of COPE Ltd
4. Engage in the pursuit of business growth opportunities to sustain and grow the financial sustainability of COPE Ltd.
5. Contribute to the National development of social enterprise as a business model.



# **COPE LTD.**

## **DIRECTORS' REPORT (CONTINUED)**

### **FOR THE YEAR ENDED 31 DECEMBER 2020**

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#### **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. Designated funds are unrestricted funds earmarked by the directors for particular purposes.

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 2020 was £1,015,265 and therefore the target is £253,816 to £507,633 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 £120,228 therefore falls short of this target level, although the strategy is to continue to build reserves through planned operating surpluses, while recognising the difficulties in increasing reserves in the current climate.

#### **PAY POLICY FOR SENIOR STAFF**

The pay structure of senior management has been reviewed, with the agreement that no increase in pay levels were approved in 2020.

#### **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 Clark Thomson Insurance Brokers Ltd. via insurance agents Axa.

#### **RELATED PARTIES**

All directors give of their time freely and no director received remuneration during the period. Details of directors' expenses are disclosed in the notes 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. There were no transactions in the period with these businesses.

I Johnson, who was 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.

## **COPE LTD.**

### **DIRECTORS' REPORT (CONTINUED)**

#### **FOR THE YEAR ENDED 31 DECEMBER 2020**

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##### **COVID-19**

COPE Ltd was closed for significant periods during the year ended 31 December 2020 due to the coronavirus pandemic. Currently all divisions are operational.

COPE has accessed appropriate Coronavirus led funding support where possible and will continue to work towards re-engaging with its customers both in its retail outlets and online.

Many challenges lie ahead in ensuring COPE Ltd's future but despite these challenges COPE remains an ambitious organisation committed to its social purpose.

##### **STRUCTURE, GOVERNANCE AND MANAGEMENT**

The charitable company is a company limited by guarantee, the company having no share capital.

The directors who served during the year and those who served up to date of signing were:

|            |                              |
|------------|------------------------------|
| R Coutts   | (Resigned 2 July 2020)       |
| N Jamieson |                              |
| G Johnson  | (Resigned 25 June 2020)      |
| I Johnson  | (Resigned 1 July 2020)       |
| M Sim      |                              |
| M Simpson  | (Resigned 2 July 2020)       |
| T Simpson  |                              |
| J Tait     |                              |
| A Gair     | (Appointed 16 March 2021)    |
| J Birnie   | (Appointed 21 February 2021) |

##### **AUDITOR**

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

##### **DISCLOSURE OF INFORMATION TO AUDITOR**

Each of the directors has confirmed that there is no information of which they are aware which is relevant to the audit, but of which the auditor is unaware. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditor is aware of such information.

This report has been prepared in accordance with the Statement of Recommended practice: Accounting and Reporting by Charities (FRS 102) and in accordance with the small companies regime.

The directors' report was approved by the Board of Directors.

J Tait  
Chair

Dated: 1 September 2021



# **COPE LTD.**

## **STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE YEAR ENDED 31 DECEMBER 2020**

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The directors, who also act as trustees for the charitable activities of COPE Ltd, 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 year.

In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate 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 Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and 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.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COPE LTD.**

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### **Opinion on financial statements**

We have audited the financial statements of COPE Ltd. (the 'charitable company') for the year ended 31 December 2020 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows 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, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

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 2020 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, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

### **Basis for opinion**

We have been appointed auditor 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.

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

### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

### **Other information**

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COPE LTD. (CONTINUED)**

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### **Opinion on other matters prescribed by the Companies Act 2006**

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

- the information given in the directors' report prepared for the purposes of company law and included within the annual report, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report, included within the annual 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 material misstatements in the directors' report, included within the annual 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) require us to report to you if, in our opinion:

- adequate and proper 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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemptions in preparing the directors' report, included within the annual report, and from the requirements to prepare a strategic report.

### **Responsibilities of directors**

As explained more fully in the statement of directors' responsibilities set out on page 9, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COPE LTD. (CONTINUED)**

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### **The extent to which the audit was considered capable of detecting irregularities, including fraud**

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the sector, including the legal and regulatory framework that the charitable company operates in and how the charitable company is complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, Charities SORP (FRS 102), the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended), The Coronavirus Act 2020 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing the financial statements including the Directors' Report, remaining alert to new or unusual transactions which may not be in accordance with charity law, inspecting board minutes and confirming there had been no correspondence with OSCR in the period.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to Health and Safety and relevant industry specific standards including European cosmetic regulations. Also significant are the Data Protection Act 1998 and the Protection of Vulnerable Groups (Scotland) Act 2007 and employment related legislation. We performed audit procedures to inquire of management whether the charitable company is in compliance with these law and regulations and inspected policies and procedures in place and the related audit reports carried out by external specialist advisors. We performed audit procedures in relation to the payroll transactions and furlough claims and evaluated the compliance with associated employment and tax legislation.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COPE LTD. (CONTINUED)

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The audit engagement team identified the risk of management override of controls as the area where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments, evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business and challenging judgments and estimates.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### Use of our report

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 directors, 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 directors 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 directors as a body, for our audit work, for this report, or for the opinions we have formed.



Kelly Adams MA(Hons) CA (Senior Statutory Auditor)  
For and on behalf of RSM UK Audit LLP, Statutory Auditor  
Chartered Accountants  
First Floor, Quay 2  
139 Fountainbridge  
Edinburgh  
EH3 9QG  
16/5/21

# COPE LTD.

## STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 DECEMBER 2020

|   | Notes | Unrestricted<br>income<br>funds<br>£ | Restricted<br>income<br>funds<br>£ | Restricted<br>Capital<br>funds<br>£ | Total<br>2020<br>£ | Total<br>2019<br>£ |
|---|-------|--------------------------------------|------------------------------------|-------------------------------------|--------------------|--------------------|
| <b><u>Income and endowments from:</u></b>                       |       |                                      |                                    |                                     |                    |                    |
| Donations   | 2     | 4,254                                | -                                  | 1,597                               | 5,851              | 19,104             |
| <b><u>Incoming resources from<br/>charitable activities</u></b> |       |                                      |                                    |                                     |                    |                    |
| Social Enterprise Activity                                      | 3     | 361,940                              | 605,830                            | -                                   | 967,770            | 1,085,746          |
| Investment income   | 4     | 44                                   | -                                  | -                                   | 44                 | 43                 |
| Furlough income   |       | 142,069                              | -                                  | -                                   | 142,069            | -                  |
| Other - rental income   | 5     | -                                    | -                                  | -                                   | -                  | 9,324              |
| <b>Total income and endowments</b>                              |       | <b>508,307</b>                       | <b>605,830</b>                     | <b>1,597</b>                        | <b>1,115,734</b>   | <b>1,114,217</b>   |
| <b><u>Expenditure on:</u></b>                                   |       |                                      |                                    |                                     |                    |                    |
| <b><u>Charitable activities expenditure</u></b>                 |       |                                      |                                    |                                     |                    |                    |
| Social Enterprise Activity                                      | 6     | 409,435                              | 605,830                            | -                                   | 1,015,265          | 1,143,376          |
| <b>Total charitable expenditure</b>                             |       | <b>409,435</b>                       | <b>605,830</b>                     | <b>-</b>                            | <b>1,015,265</b>   | <b>1,143,376</b>   |
| <b>Net incoming/(outgoing)<br/>resources before transfers</b>   |       | <b>98,872</b>                        | <b>-</b>                           | <b>1,597</b>                        | <b>100,469</b>     | <b>(29,159)</b>    |
| Gross transfers between funds                                   |       | 17,662                               | (2,994)                            | (14,668)                            | -                  | -                  |
| <b>Net movement in funds</b>                                    |       | <b>116,534</b>                       | <b>(2,994)</b>                     | <b>(13,071)</b>                     | <b>100,469</b>     | <b>(29,159)</b>    |
| Total funds brought forward                                     |       | 165,288                              | 21,911                             | 383,030                             | 570,229            | 599,388            |
| <b>Total funds carried forward</b>                              |       | <b>281,822</b>                       | <b>18,917</b>                      | <b>369,959</b>                      | <b>670,698</b>     | <b>570,229</b>     |

The statement of financial activities includes all gains and losses recognised in the year. Income is recognised in line with charity accounting requirements and may cover more than one financial year.

All income and expenditure derive from continuing activities.

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.



**COPE LTD.****BALANCE SHEET****AS AT 31 DECEMBER 2020**

|  | Notes | 2020<br>£ | £                | 2019<br>£ | £                |
|--|-------|-----------|------------------|-----------|------------------|
| <b>Fixed assets</b>  |       |           |                  |           |                  |
| Intangible assets  | 11    |           | 6,342            |           | 9,652            |
| Tangible assets  | 12    |           | 425,148          |           | 437,771          |
| Investments  | 13    |           | 1                |           | 1                |
|  |       |           | <u>431,491</u>   |           | <u>447,424</u>   |
| <b>Current assets</b>  |       |           |                  |           |                  |
| Stocks   | 14    | 78,534    |                  | 97,008    |                  |
| Debtors  | 15    | 22,499    |                  | 21,982    |                  |
| Cash at bank and in hand                                       |       | 490,394   |                  | 259,652   |                  |
|  |       |           | <u>591,427</u>   |           | <u>378,642</u>   |
| <b>Creditors: amounts falling due within one year</b>          | 16    |           | <u>(255,257)</u> |           | <u>(199,347)</u> |
| Net current assets   |       |           | 336,170          |           | 179,295          |
| <b>Total assets less current liabilities</b>                   |       |           | 767,661          |           | 626,719          |
| <b>Creditors: amounts falling due after more than one year</b> | 17    |           | (96,963)         |           | (56,490)         |
| <b>Net assets</b>  |       |           | <u>670,698</u>   |           | <u>570,229</u>   |
| <b>Capital funds</b>   |       |           |                  |           |                  |
| Restricted capital   |       |           | 369,959          |           | 383,030          |
| <b>Income funds</b>  |       |           |                  |           |                  |
| Restricted funds   | 20    | 18,917    |                  | 21,911    |                  |
| Unrestricted funds   | 21    | 281,822   |                  | 165,288   |                  |
|  |       |           | <u>670,698</u>   |           | <u>570,229</u>   |

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

The financial statements were approved and authorised for issue by the Directors on 1 September 2021

J Tait  
Chair



# COPE LTD.

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2020

|   | Notes | 2020<br>£ | £       | 2019<br>£ | £       |
|---|-------|-----------|---------|-----------|---------|
| <b>Cash flows from operating activities</b>                   |       |           |         |           |         |
| Cash generated from operations                                | 23    |           | 193,300 |           | 42,491  |
| <b>Investing activities</b>                                   |       |           |         |           |         |
| Purchase of intangible assets                                 |       | -         |         | (8,975)   |         |
| Purchase of tangible fixed assets                             |       | (8,237)   |         | -         |         |
| Interest received   |       | 44        |         | 43        |         |
|   |       |           |         |           |         |
| <b>Net cash used in investing activities</b>                  |       |           | (8,193) |           | (8,932) |
| <b>Financing activities</b>                                   |       |           |         |           |         |
| Proceeds from borrowings                                      |       | 50,000    |         | -         |         |
| Repayment of bank loans                                       |       | (4,365)   |         | (4,067)   |         |
|   |       |           |         |           |         |
| <b>Net cash generated from/(used in) financing activities</b> |       |           | 45,635  |           | (4,067) |
|   |       |           |         |           |         |
| <b>Net increase in cash and cash equivalents</b>              |       |           | 230,742 |           | 29,492  |
|   |       |           |         |           |         |
| Cash and cash equivalents at beginning of year                |       |           | 259,652 |           | 230,160 |
|   |       |           |         |           |         |
| <b>Cash and cash equivalents at end of year</b>               |       |           | 490,394 |           | 259,652 |

# COPE LTD.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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### 1 Accounting policies

#### Charity information

COPE Ltd. is a private company limited by guarantee incorporated in Scotland. The registered office is Port Business Park, Gremista, Lerwick, Shetland, ZE1 0TW.

#### Accounting convention

The financial statements have been prepared in accordance with the charitable company's Memorandum and Articles, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and "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)" (as amended for accounting periods commencing from 1 January 2019). The charitable company is a Public Benefit Entity as defined by FRS 102.

The financial statements are prepared in sterling, which is the functional currency of the charitable company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

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

#### 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 2022 from the Shetland Charitable Trust, and the Shetland Islands Council under the supported employment contract. Shetland Charitable Trust have also made a provisional grant offer to 31 March 2025. Shetland Islands Council funding is also expected to continue at the same level.

The impact of COVID-19 during the year was a reduction in enterprise income for the charity but this shortfall was covered by the furlough scheme and other additional grant support. A surplus was achieved and this has left the charity with the cash and reserves to support its activities in the short to medium term. The management team have prepared budget projections which have been extended to 12 months from the date of approval of the financial statements. These show there will be sufficient cash, based on expected income and expenditure levels. The key assumptions underpinning these forecasts are the level of enterprise income earned and the receipt of funding from the Shetland Islands Council. The anticipated level of enterprise income is based on current experience, showing a slow return to a more normal position. As noted above there is funding security due to the support from the main funding bodies SCT and SIC.

Based on the Charity's forecasts and the anticipated outcome of the matters described, the directors have concluded that there is a reasonable expectation that the Charity has adequate financial resources to operate for at least 12 months from the date of approval of the financial statements. Accordingly, the financial statements of the Charity have been prepared on a going concern basis.

#### Charitable funds

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.

# COPE LTD.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

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### 1 Accounting policies (Continued)

#### Incoming resources

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.

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 enterprise income.

Investment income is included when receivable and consists of interest receivable on bank accounts.

Incoming resources from charitable enterprise projects are accounted for when earned.

#### Resources expended

Expenditure is recognised on an accruals basis when a liability is incurred. Liabilities are recognised as soon as there is a legal or constructive obligation committing the charity to pay out resources.

Charitable activities include expenditure associated with enterprise projects 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.

#### Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

|                       |         |
|-----------------------|---------|
| Software              | 3 years |
| Intellectual property | 2 years |
| Website               | 5 years |

# COPE LTD.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

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### 1 Accounting policies (Continued)

#### **Tangible 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, or shorter of lease term. The following rates of depreciation have been used:

|                                 |          |
|---------------------------------|----------|
| Freehold Land and buildings     | 0 - 10%  |
| Short Leasehold Land & Property | 0 - 10%  |
| Plant and machinery             | 20 - 33% |
| Motor vehicles                  | 20%      |

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in net income/(expenditure) for the year.

#### **Fixed asset investments**

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

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

#### **Stocks**

Stocks of finished goods and raw materials and consumables are valued at the lower of cost and net realisable value. The cost of stocks of finished goods are measured at standard cost. The cost of raw materials and consumables are measured at most recent purchase price on a first in, first out basis.

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.

#### **Cash and cash equivalents**

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.

#### **Financial instruments**

The charitable company has elected to apply the provisions of Section 11 'Basic Financial Instruments' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the charitable company's balance sheet when the charitable company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

# COPE LTD.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

---

### 1 Accounting policies (Continued)

#### **Basic financial assets**

The charity only has financial assets 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.

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.

#### **Basic financial liabilities**

The charity only has 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.

#### **Employee benefits**

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

The best estimate of the expenditure required to settle an obligation for termination benefits is recognised immediately as an expense when the Charitable company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### **Retirement benefits**

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.

#### **Leases**

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.

# COPE LTD.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

### 2 Donations

|                                     | Unrestricted<br>funds<br>£ | Restricted<br>Capital<br>funds<br>£ | Total<br>2020<br>£ | Total<br>2019<br>£ |
|-------------------------------------|----------------------------|-------------------------------------|--------------------|--------------------|
| Donations and gifts                 | 4,254                      | -                                   | 4,254              | 14,236             |
| Capital grants                      | -                          | 1,597                               | 1,597              | 4,868              |
|                                     | <u>4,254</u>               | <u>1,597</u>                        | <u>5,851</u>       | <u>19,104</u>      |
| For the year ended 31 December 2019 | <u>14,236</u>              | <u>4,868</u>                        |                    | <u>19,104</u>      |
| Donations and gifts                 |                            |                                     |                    |                    |
| Other donations received            | 1,589                      | -                                   | 1,589              | 3,037              |
| Gift aid claims                     | 2,665                      | -                                   | 2,665              | 11,199             |
|                                     | <u>4,254</u>               | <u>-</u>                            | <u>4,254</u>       | <u>14,236</u>      |

Capital grants are recognised in respect of new laptops purchased.

# COPE LTD.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

### 3 Incoming resources from charitable activities

|                                   | Unrestricted<br>£ | Restricted<br>£ | Total<br>2020<br>£ | Total<br>2019<br>£ |
|-----------------------------------|-------------------|-----------------|--------------------|--------------------|
| Enterprise income                 | 320,401           | -               | 320,401            | 544,894            |
| Grants                            | -                 | 605,830         | 605,830            | 540,852            |
| Charitable rental income          | 9,039             | -               | 9,039              | -                  |
| Government grants                 | 32,500            | -               | 32,500             | -                  |
|                                   | <u>361,940</u>    | <u>605,830</u>  | <u>967,770</u>     | <u>1,085,746</u>   |
| <b>Performance related grants</b> |                   |                 |                    |                    |
| Shetland Charitable Trust         | -                 | 198,718         | 198,718            | 154,968            |
| Shetland Islands Council contract | -                 | 302,600         | 302,600            | 302,600            |
| The Robertson Trust               | -                 | 13,000          | 13,000             | 13,000             |
| Highlands and Islands Enterprise  | -                 | 11,023          | 11,023             | 35,450             |
| DYP grant                         | -                 | 8,400           | 8,400              | 33,071             |
| Resilience Fund - First Port      | -                 | 72,089          | 72,089             | -                  |
| Other                             | -                 | -               | -                  | 1,763              |
|                                   | <u>-</u>          | <u>605,830</u>  | <u>605,830</u>     | <u>540,852</u>     |

Government grants relates to the Coronavirus Small Business grant.

### 4 Investment income

|                                      | 2020<br>£ | 2019<br>£ |
|--------------------------------------|-----------|-----------|
| Interest receivable on bank accounts | <u>44</u> | <u>43</u> |

### 5 Other - rental income

|               | 2020<br>£ | 2019<br>£    |
|---------------|-----------|--------------|
| Rental income | <u>-</u>  | <u>9,324</u> |

Other income consisted of rental income on the Weisdale Centre. This is now included within charitable activities as it supports the charitable purposes of the entity.



# COPE LTD.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

### 6 Charitable activities expenditure

|  | 2020<br>£        | 2019<br>£        |
|--|------------------|------------------|
| Social enterprise activities undertaken directly | 794,829          | 931,259          |
| Support costs (see note 7)                       | 220,436          | 212,117          |
|  | <u>1,015,265</u> | <u>1,143,376</u> |

### 7 Support costs

|                        | Support costs<br>£ | Governance costs<br>£ | 2020<br>£      | 2019<br>£      | Basis of allocation |
|------------------------|--------------------|-----------------------|----------------|----------------|---------------------|
| General office costs   | 32,438             | -                     | 32,438         | 35,150         | Staff               |
| Management allocation  | 117,099            | -                     | 117,099        | 116,823        | Staff               |
| Office costs           | 27,970             | -                     | 27,970         | 24,055         | Usage               |
| Legal and professional | 15,154             | -                     | 15,154         | 6,055          | Usage               |
| Finance costs          | 10,030             | -                     | 10,030         | 13,134         | Usage               |
| Audit fees             | -                  | 14,750                | 14,750         | 15,250         | Governance          |
| Accountancy            | -                  | 2,995                 | 2,995          | 1,650          | Governance          |
|                        | <u>202,691</u>     | <u>17,745</u>         | <u>220,436</u> | <u>212,117</u> |                     |

### 8 Net movement in funds

|   | 2020<br>£     | 2019<br>£      |
|---|---------------|----------------|
| Net movement in funds is stated after charging  |               |                |
| Interest payable  | 2,169         | 2,633          |
| Fees payable to the company's auditor for the audit of the company's financial statements | 14,750        | 15,250         |
| Depreciation of owned tangible fixed assets   | 13,951        | 15,375         |
| Depreciation of tangible fixed assets held under operating leases                         | 6,260         | 6,260          |
| Amortisation of intangible assets   | 3,310         | 3,311          |
| Cost of stocks recognised as expenses   | <u>79,884</u> | <u>151,516</u> |

### 9 Directors

None of the directors (or any persons connected with them) received any remuneration or benefits from the charitable company during the year.

# COPE LTD.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

### 10 Employees

#### Number of employees

The average monthly number employees during the year was:

|   | 2020<br>Number | 2019<br>Number |
|---|----------------|----------------|
| Management and administration                       | 7              | 7              |
| Enterprise projects - staff and supported employees | 38             | 40             |
| Enterprise projects - participants total            | 22             | 22             |
|   | <u>67</u>      | <u>69</u>      |

#### Employment costs

|                              | 2020<br>£      | 2019<br>£      |
|------------------------------|----------------|----------------|
| Wages and salaries           | 629,021        | 666,336        |
| Social security costs        | 42,052         | 43,276         |
| Other pension costs          | 26,279         | 27,109         |
|                              | <u>697,352</u> | <u>736,721</u> |
| Participants' reimbursements | 2,095          | 8,318          |
|                              | <u>699,447</u> | <u>745,039</u> |

We provide a minimum of 100 skill development sessions per week. During Covid an agreement was made with the SIC to provide alternative support to participants whilst in lockdown. This was provided throughout the pandemic via video, online and hard copy resources.

There were no employees whose annual remuneration was £60,000 or more.

# COPE LTD.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

### 11 Intangible fixed assets

|  | Software<br>£ | Intellectual<br>property<br>£ | Website<br>£ | Total<br>£ |
|--|---------------|-------------------------------|--------------|------------|
| <b>Cost</b>                            |               |                               |              |            |
| At 1 January 2020 and 31 December 2020 | 3,990         | 4,872                         | 9,970        | 18,832     |
| <b>Amortisation and impairment</b>     |               |                               |              |            |
| At 1 January 2020                      | 1,317         | 4,872                         | 2,991        | 9,180      |
| Amortisation charged for the year      | 1,317         | -                             | 1,993        | 3,310      |
| At 31 December 2020                    | 2,634         | 4,872                         | 4,984        | 12,490     |
| <b>Carrying amount</b>                 |               |                               |              |            |
| At 31 December 2020                    | 1,356         | -                             | 4,986        | 6,342      |
| At 31 December 2019                    | 2,673         | -                             | 6,979        | 9,652      |

Amortisation is charged to charitable activities.

### 12 Tangible fixed assets

|                                    | Freehold Land<br>and buildings<br>£ | Short<br>Leasehold<br>Land &<br>Property<br>£ | Plant and Motor vehicles<br>machinery<br>£ | Total<br>£ |
|------------------------------------|-------------------------------------|---|--|------------|
| <b>Cost</b>                        |                                     |   |  |            |
| At 1 January 2020                  | 306,695                             | 267,582                                       | 152,291                                    | 760,366    |
| Additions                          | -                                   | 3,915   | 4,322                                      | 8,237      |
| Disposals                          | -                                   | -   | (11,247)                                   | (11,247)   |
| At 31 December 2020                | 306,695                             | 271,497                                       | 145,366                                    | 757,356    |
| <b>Depreciation and impairment</b> |                                     |   |  |            |
| At 1 January 2020                  | 71,117                              | 78,470  | 139,210                                    | 322,595    |
| Depreciation charged in the year   | 7,404                               | 6,652   | 6,804                                      | 20,860     |
| Eliminated in respect of disposals | -                                   | -   | (11,247)                                   | (11,247)   |
| At 31 December 2020                | 78,521                              | 85,122  | 134,767                                    | 332,208    |
| <b>Carrying amount</b>             |                                     |   |  |            |
| At 31 December 2020                | 228,174                             | 186,375                                       | 10,599                                     | 425,148    |
| At 31 December 2019                | 235,578                             | 189,112                                       | 13,081                                     | 437,771    |

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## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

### 13 Fixed asset investments

|                                      | Other<br>investments |
|--------------------------------------|----------------------|
| <b>Cost or valuation</b>             |                      |
| At 1 January 2020 & 31 December 2020 | 1                    |
| <b>Carrying amount</b>               |                      |
| At 31 December 2020                  | 1                    |
| At 31 December 2019                  | 1                    |

The investment above is in 100% of the ordinary share capital of Shetland Soap Company Limited, a dormant company with registered address Port Business Park, Gremista, Lerwick, ZE1 0TW.

| 14 Stocks                     | 2020<br>£ | 2019<br>£ |
|-------------------------------|-----------|-----------|
| Raw materials and consumables | 78,534    | 97,008    |

| 15 Debtors                                  | 2020<br>£ | 2019<br>£ |
|---|-----------|-----------|
| <b>Amounts falling due within one year:</b> |           |           |
| Trade debtors                               | 11,392    | 12,060    |
| Prepayments and accrued income              | 11,107    | 9,922     |
|   | 22,499    | 21,982    |

| 16 Creditors: amounts falling due within one year | 2020<br>£ | 2019<br>£ |
|---|-----------|-----------|
|   | Notes     |           |
| Bank loans  | 18        | 4,523     |
| Other borrowings                                  |           | 5,000     |
| Trade creditors                                   |           | 36,453    |
| Amounts due to subsidiary undertakings            |           | 1         |
| Other taxation and social security                |           | 47,124    |
| Deferred income                                   | 19        | 140,640   |
| Other creditors                                   |           | 21,516    |
| Pension contributions payable                     |           | -         |
|   |           | 4,093     |
|   |           | 255,257   |
|   |           | 199,347   |

## COPE LTD.

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

#### 17 Creditors: amounts falling due after more than one year

|                  | Notes | 2020<br>£     | 2019<br>£     |
|------------------|-------|---------------|---------------|
| Bank loans       | 18    | 51,963        | 56,490        |
| Other borrowings |       | 45,000        | -             |
|                  |       | <u>96,963</u> | <u>56,490</u> |

#### 18 Borrowings

|                         | 2020<br>£      | 2019<br>£     |
|-------------------------|----------------|---------------|
| Bank loans              | 56,486         | 60,851        |
| Other loans             | 50,000         | -             |
|                         | <u>106,486</u> | <u>60,851</u> |
| Payable within one year | 9,523          | 4,361         |
| Payable after one year  | <u>96,963</u>  | <u>56,490</u> |

Amounts included above which fall due after five years:

|                        |               |               |
|------------------------|---------------|---------------|
| Payable by instalments | <u>36,909</u> | <u>37,142</u> |
|------------------------|---------------|---------------|

The bank loan is secured by:

- Standard security over 111 Commercial Street & 1/2 Albert Court (Known as Pirate Lane) Lerwick, Shetland
- Bond and floating charge over the whole assets of the company

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

The £50,000 bounce back loan is repayable in instalments over 5 years and incurs interest at 2.5% from July 2021.

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## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

### 19 Deferred income

Included within creditors are deferred grants from Shetland Charitable Trust, Shetland Islands Council and Robertson Trust (2019 - Shetland Charitable Trust, Shetland Islands Council and Robertson Trust) in relation to future year's funding. These grants have been deferred because they are subject to performance related conditions and do not run concurrent to the accounting year. As the charity is liable to deliver a service in the next year then the corresponding income is deferred until the performance conditions have been met.

The full amount of deferred income from 2019 was released to income in the year.

|  | 2020<br>£ | 2019<br>£ |
|--|-----------|-----------|
| Deferred income arising from government grants | 140,640   | 114,390   |

### 20 Restricted funds

The income funds of the charity include restricted funds comprising the following unexpended balances of donations and grants held on trust for specific purposes:

|                                  | Movement in funds                    |                            |                            |                |
|----------------------------------|--------------------------------------|----------------------------|----------------------------|----------------|
|                                  | Balance at 1<br>January<br>2020<br>£ | Incoming<br>resources<br>£ | Resources<br>expended<br>£ | Transfers<br>£ |
| Shetland Charitable Trust fund   | -                                    | 198,718                    | (198,718)                  | -              |
| Restricted income funds          | -                                    | 104,512                    | (104,512)                  | -              |
| Restricted participant donations | 21,911                               | -                          | -                          | (2,994)        |
| Shetland Islands Council fund    | -                                    | 302,600                    | (302,600)                  | -              |
|                                  | 21,911                               | 605,830                    | (605,830)                  | (2,994)        |

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.

Shetland Islands Council funds are used to provide a minimum of 100 skills development sessions per week.

# COPE LTD.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

### 20 Restricted 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 transfer related to expenditure from November 2019 on a trip to Bute House.

The restricted capital fund £367,454 (2019: £383,030) relates to the capital grants of COPE Limited. The balance is being reduced as the assets depreciate by releasing the grants in line with the depreciation charge on the assets they relate to.

### 21 Unrestricted funds

The income funds of the charity include unrestricted general funds and the following designated funds which have been set aside out of unrestricted funds by the trustees for specific purposes:

|                                  | Balance at 1<br>January<br>2020 | Movement in funds          |                            |                | Balance at 31<br>December<br>2020 |
|----------------------------------|---------------------------------|----------------------------|----------------------------|----------------|-----------------------------------|
|                                  | £                               | Incoming<br>resources<br>£ | Resources<br>expended<br>£ | Transfers<br>£ | £                                 |
| Pension costs                    | 10,000                          | -                          | -                          | -              | 10,000                            |
| Building maintenance             | 10,451                          | 17                         | -                          | -              | 10,468                            |
| Compliance / HR / Legal          | 10,000                          | -                          | -                          | -              | 10,000                            |
| Scale and Growth resources       | 18,157                          | -                          | (8,562)                    | 50,000         | 59,595                            |
| Transport infrastructure         | 10,000                          | -                          | -                          | -              | 10,000                            |
| Capital assets funded internally | 64,394                          | -                          | -                          | (2,863)        | 61,531                            |
| Unrestricted general funds       | 42,286                          | 508,290                    | (400,873)                  | (29,475)       | 120,228                           |
|                                  | <u>165,288</u>                  | <u>508,307</u>             | <u>(409,435)</u>           | <u>17,662</u>  | <u>281,822</u>                    |

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. There has been no movement in the year.
- The building maintenance fund covers ongoing maintenance requirements of all buildings and will cover contractor costs. This has been increased in the year to £10,468.
- The compliance/ HR/ legal designated fund is required for processes such as Quality Management and Strategic Risk Management. There has been no movement in the year.
- The Scale and Growth Resources fund includes funds for building improvements to the Shetland Soap Company including the refurbishment of the area above the shop. This has been increased in the year to £59,595 following draw down of the £50,000 bounce back loan.
- The Transport Infrastructure fund includes the upgrade of company vehicles. There has been no movement in the year.
- Capital assets funded internally represents the difference between the net book value of assets and grants received which are self funded.

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## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

### 22 Analysis of net assets between funds

|   | Unrestricted<br>funds<br>£ | Restricted<br>income funds<br>£ | Restricted<br>capital funds<br>£ | Total<br>£     |
|---|----------------------------|---------------------------------|----------------------------------|----------------|
| Fund balances at 31 December 2020 are represented by: |                            |                                 |                                  |                |
| Intangible fixed assets                               | -                          | -                               | 6,342                            | 6,342          |
| Tangible assets                                       | 61,531                     | -                               | 363,617                          | 425,148        |
| Investments   | 1                          | -                               | -                                | 1              |
| Current assets/(liabilities)                          | 317,253                    | 18,917                          | -                                | 336,170        |
| Long term liabilities                                 | (96,963)                   | -                               | -                                | (96,963)       |
|   | <u>281,822</u>             | <u>18,917</u>                   | <u>369,959</u>                   | <u>670,698</u> |

### 23 Cash generated from operations

|   | 2020<br>£      | 2019<br>£     |
|---|----------------|---------------|
| Surplus/(deficit) for the year                                    | 100,469        | (29,159)      |
| Adjustments for:  |                |               |
| Investment income recognised in statement of financial activities | (44)           | (43)          |
| Amortisation and impairment of intangible assets                  | 3,310          | 3,311         |
| Depreciation and impairment of tangible fixed assets              | 20,860         | 21,635        |
| Movements in working capital:                                     |                |               |
| Decrease/(increase) in stocks                                     | 18,474         | (1,120)       |
| (Increase)/decrease in debtors                                    | (517)          | 25,599        |
| Increase in creditors   | 24,498         | 23,450        |
| Increase/(decrease) in deferred income                            | 26,250         | (1,182)       |
| <b>Cash generated from operations</b>                             | <u>193,300</u> | <u>42,491</u> |



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## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

### 24 Analysis of changes in net debt

|                                      | Balance at 1<br>January 2020 | Cash flows | Non cash<br>movement | Balance at 31<br>December<br>2020 |
|--------------------------------------|------------------------------|------------|----------------------|-----------------------------------|
|                                      | £                            | £          |                      | £                                 |
| Cash and cash equivalents            | 259,652                      | 230,742    | -                    | 490,394                           |
| Bank borrowings due within one year  | (4,361)                      | 4,365      | (4,527)              | (4,523)                           |
| Other borrowings due within one year | -                            | -          | (5,000)              | (5,000)                           |
| Total due within one year            | (4,361)                      | 4,365      | (9,527)              | (9,523)                           |
| Bank borrowings due after one year   | (56,490)                     | -          | 4,527                | (51,963)                          |
| Other borrowings due after one year  | -                            | (50,000)   | 5,000                | (45,000)                          |
| Total due after one year             | (56,490)                     | (50,000)   | 9,527                | (96,963)                          |
| Net debt                             | 198,801                      | 185,107    | -                    | 383,908                           |

# COPE LTD.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

### 25 Operating lease commitments

At the reporting end date the charitable company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

|                            | 2020<br>£      | 2019<br>£      |
|----------------------------|----------------|----------------|
| Within one year            | 26,537         | 28,677         |
| Between one and five years | 106,149        | 106,149        |
| In over five years         | 67,890         | 94,427         |
|                            | <u>200,576</u> | <u>229,253</u> |

### 26 Related party transactions

#### Remuneration of key management personnel

The remuneration of key management personnel is as follows.

|                        | 2020<br>£      | 2019<br>£      |
|------------------------|----------------|----------------|
| Aggregate compensation | <u>158,582</u> | <u>156,571</u> |

The key management personnel are defined as the CEO, Business and HR Manager, Employability Development Manager and Finance Manager.

#### Transactions with related parties

During the year the charitable company entered into the following transactions with related parties:

|                       | Sale of goods |           | Purchase of goods |              |
|-----------------------|---------------|-----------|-------------------|--------------|
|                       | 2020<br>£     | 2019<br>£ | 2020<br>£         | 2019<br>£    |
| Other related parties | <u>47</u>     | <u>-</u>  | <u>2,160</u>      | <u>6,265</u> |
|                       | <u>47</u>     | <u>-</u>  | <u>2,160</u>      | <u>6,265</u> |

Other related parties include Westside Landscaping Services Limited, NJ Builders and Shaw Marketing and Design Limited. They are related due to the fact that they are controlled by directors of COPE Ltd.

# COPE LTD.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

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### 26 Related party transactions (Continued)

The following amounts were outstanding at the reporting end date:

|                       | Amounts owed to related parties |          |
|-----------------------|---------------------------------|----------|
|                       | 2020                            | 2019     |
|                       | £                               | £        |
| Other related parties | 360                             | -        |
|                       | <u>360</u>                      | <u>-</u> |

### 27 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.