

**HOSPITALITY AND HOPE CIO**

**REPORT AND FINANCIAL STATEMENTS**  
**For the year ended 31 October 2019**

**Charity Number 1159213**

# HOSPITALITY AND HOPE CIO

## ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 31 October 2019

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The trustees are pleased to present their annual trustees' report together with the financial statements of the charity for the period 1<sup>ST</sup> November 2018 – 31<sup>st</sup> October 2019.

The financial statements comply with the Charities Act 2011, the Memorandum and Articles of Association, 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) (effective 1 January 2015)

## **1. Objectives and Activities**

The objectives of the charitable incorporated organisation (CIO) are to bring hope to the local community through:

- the relief of poverty, sickness and distress amongst vulnerable people in South Tyneside, including those who are homeless or at risk of homelessness. Delivered by the provision of funds, goods, or services of any kind as the trustees from time to time may think fit, including (but not by way of limitation) by the operation of a soup kitchen, food bank and wider supported services.
- the relief of those in need by reason of age, ill-health, disability, financial hardship or any other social or economic disadvantage in such ways as the trustees from time to time may think fit including (but not by way of limitation) by the promotion and provision of or assistance with the provision of accommodation and/or supported accommodation appropriate to their needs; and
- to further such other purposes being exclusively charitable according to the laws of England and Wales as the trustees from time to time may think fit.

During the period 1 November 2018 to 31 October 2019 the regular activities of Hospitality and Hope were

- Delivery of a soup kitchen by teams of volunteers.
- Delivery of the South Tyneside Food Bank by a team of volunteers.
- Delivery of a clothes bank by a team of volunteers.
- Management of the Hampden Street Centre, the operational base for the charity.
- Management of the Supported Living Accommodation (HMO).
- Management of the Community Café.
- Provision of health and wellbeing activities

## **2. Achievements and Performance**

The Trustees of Hospitality and Hope consider their charitable objectives have been met by way of the following:

Our key achievements for the year ending 18/19:-

- Ongoing development of the charity and delivery of services
- Further work on strategy development supported by a number of facilitation days
- A full review of services with a new 18-month delivery plan
- Development of digital capability
- Support of staff to achieve agreed objectives through performance management
- Joined the Trussell Trust – with a view to scaling up the foodbank operation
- Added to the team with a new Wellbeing Worker to provide deeper support
- Pioneering of new approaches to income generation
- Worked on increasing the property portfolio for a move on property
- Launch of Café sustainability plan
- Development of a new KPI & reporting system
- Introduction of new data collection systems
- Developed and deepened our partnerships with local authorities and agencies
- Appointment of one new Trustee

Our core activities continued to develop in response to growing demand, through analysis of client engagement and trend data collated across our portfolio of services. Referrals to our food bank, which serves the largest number of beneficiaries, grew from the prior year with an overall increase in total beneficiaries of 37% leading to a rise in estimated value of food distributed to £34k. The number of children, being referred to the food bank rose by 40%.

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	Adults	Children	Total	Bags	Cost	Requests
18/19	2042	1559	3601	4652	£33,736	1337
17/18	1521	1111	2632	3341	£23,537	989
Variance	521	448	969	1311	£10,198	348
%	34%	40%	37%	39%	43%	35%

During the course of the year the charity became a member of the Trussell Trust national food bank network, recognising the need to scale up the service operationally to respond to the growing demand. The food bank remained open to client referrals only twice weekly due to resource constraints and unsuccessful funding applications for a paid staff role. The food bank continued to be well supported by our volunteer base, the general public, as well as local schools, churches and supermarkets who continued to generously donate food. We are currently engaging with 180 government and third sector agencies in the support of individuals and families in the South Tyneside area.

Our volunteer-run soup Kitchen continued to provide practical support to marginalised and vulnerable people within the community through the provision of hot meals and wider support through holistic health and wellbeing activities. The number of total meals served was up by 2% year on year with attendees down 2%. Although less people are recorded as 'street homeless' many clients have historic history of homelessness with accompanying chaotic lifestyles and related issues.

	Meals served	Total Attendees	People with postcode	People with No Fixed Address	Male	Female
18/19	2088	789	743	46	612	177
17/18	2051	807	752	55	621	186
Var	37	-18	-9	-9	-9	-9
%	2%	-2%	-1%	-15%	-1%	-5%

Soup kitchen sessions also provide additional support through access to the clothing bank as well as shower and laundry facilities. We have also continued to partner with Health Professionals, including a local pharmacist to provide on-site access to needle exchange and additional health services including flu jabs, heart and lung checks as well as general health and wellbeing advice. During this time we are also able to offer one to one practical assistance on completing forms and signposting to other services in the area.

During the summer period following the successful award of grant funding, we appointed a wellbeing project worker to provide deeper support and activities to clients across our services. This included running group wellbeing sessions with creative craft-making as well as one to one mentoring, wellbeing and resilience counselling. One of the outcomes from the wellbeing activities was the development of our 'community garden' in the courtyard of our Hampden Street Centre. The wellbeing worker also provided overarching support to our HMO residents, adding resilience to the staff team.

Over the course of the year, our HMO has housed a total of 16 clients, each of whom have had a personalised support plan with specific goals and milestones to achieve. During this period, we have seen 4 positive move-ons where clients have left the property to independent living. Other notable milestones achieved include:-

- Supported to reduce alcohol /drug dependency
- Management of suicidal thoughts and actions
- General improvement to health and wellbeing
- Improved opportunities for employment through volunteering
- Improved IT skills
- Improved skills for living

As part of the support plan, residents are encouraged to learn budgeting skills and develop a work ethic through attending workshops and volunteering at Hampden Street and through our employability programme in our Community café. Our Café entered its second year of trading and by the end of the year had increased sales turnover to £56k, up 47% on the prior year. With a full year's worth of transactional data available, we were able to grow our customer base through tailored offers and promotions, linked in with a full menu and pricing review and careful budget monitoring. A total of 7 residents from the HMO took part in our café employability programme. During the year we also developed good links with other organisations with a view to broadening our employability programme beyond our HMO residents. Since then we have developed partnerships with South Tyneside College and other agencies to provide a place for volunteer-based work placements. Since its inception, the café remains an important 'community hub' in the local area providing a place for local residents and support workers to meet in a safe and welcoming environment.

In the spring of 2019, we completed our 'digital-first' rebrand, spearheaded by the launch of a new website. Securing pro-bono work through local digital agency, the new site was created with a view to improve our reach, grow our supporter base and better signpost clients and agencies towards our services, through improved user experiences. The rebrand was rolled out to a full brand refresh across our digital and offline communication media, with holistic messaging and tone of voice, through a new SEO strategy supported by engaging content across social media channels.

Our agenda of digital transformation continued during the year as systems and processes underpinning our activities were reviewed and revised. This included the ongoing digitisation of documents through the implementation and development of cloud-based IT systems to securely collect, store and analyse data in accordance with GDPR guidelines. As part of this work we also mapped out our various stakeholder user journeys and how a new centralised CRM tool would galvanise our organisation communications and provide valuable insight into client milestones and outcomes, as well as leveraging our supporter engagement.

Our Board of Trustees continued to meet monthly, supported by the introduction of remote conferencing software for those unable to make meetings in person. During the course of the year Dave Fawcett resigned as a trustee due to increased work commitments and we welcomed Sarah Green, from Virgin Money as a new Trustee. One further Trustee appointment was made, due to start at the commencement of the next financial year. As well as the regular trustee meetings, two additional facilitation days were held, with an external professional facilitator acting on a pro bono basis. During which, a delivery plan for next 18 months and long-term strategic themes were agreed. The Chief Executive with the support of staff and Trustees, completed a full review and revision of the charity's policies and procedures, while reassessing the risks associated with the delivery of our services. An outcome of this review was a training session delivered to key staff and volunteers on handling conflict and aggression.

The staff team continue to be supported by a passionate and dedicated group of 65 volunteers. Minimum wage equivalent for the estimated 5,500 hours given to the charity would equate to £45k in salaries. In addition to our core volunteer base, we also secured many volunteer hours through the local business and the further education community, taking the number of total volunteers to an estimated 100 people. Our Volunteer Co-ordinator, supported by an Admin Assistant continued to develop and manage our volunteer programme and the resourcing of our activities at Hampden Street. We continued to invest in our volunteers through training in first aid, food hygiene, safeguarding, conflict resolution and we provided a 6 week wellbeing and resilience programme to support their mental health.

Following the appointment of the Funding Officer (part-time) and the establishment of the Funding Steering Group in the previous financial year, efforts to secure grant funding have continued. Sixteen funding applications were made to support organisational development, core staffing costs and project-based activity for clients. In addition, a General Appeal (circulated to local Trusts and Charities as well as religious organisations) successfully secured c£70K for core staffing costs. Some funding previously secured over a three-year period, was also available during this year.

We also created and marketed a charity calendar, containing pictures taken on a client photography course. The calendars were sold via our café, social media and through a temporary online shop. The launch of the new website also provided a new online donation platform and income stream, supported by Virgin Money Giving. A notable achievement by the charity regarding our income generation, was that the figure of £1m from grant donations was surpassed this year, for funds raised since 2014.

### **3. Financial review**

#### **Review of the year**

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

During the year the Charity had income of £294,708 of which £270,072 was restricted (2018: £208,946 of which £187,835 was restricted) and expenditure of £248,888 of which £237,662 was restricted (2018: £220,651 of which £194,975 was restricted). There was an operating surplus of £45,665 of which £25,576 was restricted (2018: deficit £11,705 of which a deficit of £7,140 was restricted).

At 31 October 2019 the Charity had net assets of £644,360 of which £563,439 was restricted (2018: £598,695 of which £538,363 was restricted). The funds of the Charity includes the book value of the freehold land and building at Laygate which houses our supported living accommodation and community café.

#### **Reserves policy**

The Trustees consider the level of reserves, £80,421 (2018 £60,332), prudent for the Charity at this time taking into account potential liabilities in the event that the charity ceased. Our Reserves Policy is reviewed annually.

### **4. Plans for future periods**

During the next financial year, the charity will continue with its programme of development as well as finalising a longer-term strategic plan as agreed in the recent facilitation days. Over this period, we will progress our development vision to embrace the mindset of a medium-sized charity, while creating space to innovate. This means continuing to harness emerging technologies, through a digital delivery programme across our frontline communications and back office systems, providing a stable foundation to grow and support more people in our community.

In practical terms this means securing the necessary funding to invest in upscaling our food bank to meet the growing demand for its services, through deployment of the Trussell Trust data collection system, compliance with the operating manual and the securing of additional paid staff, with additional volunteers and resources.

To further facilitate the expansion of our food bank, we will begin the scaling-down of our clothing bank to an 'essentials only' service, freeing up much needed space and volunteer capacity to be reallocated to resourcing the food bank. Towards the end of the last financial year, we began trials with a new food bank 'app', partnering with a local business start-up in order to secure new ways to support the food bank. During the next financial year, we will continue to develop and promote this as a means to support the food bank.

We will continue to provide holistic wellbeing services, particularly identifying clients who are accessing our key services, namely our food bank, soup kitchen and our HMO for extended periods, providing support, resilience training and practical assistance to enable them towards a journey of recovery and independence.

We will also put in place measures to diversify and strengthen our income streams through new funding opportunities, achieving our café sustainability target and seeking to broaden our HMO property portfolio.

We remain acutely aware that the Hampden Street Centre which has provided a stable base of operations since 2015 does limit our ability to develop our services further through lack of space. Attempts to secure additional or alternative property to increase the impact and meet the aspirations of the charity will continue into the new financial year.

The board of trustees and the Chief Executive will embark on a full risk assessment across all areas of the charity, working closely with a newly appointed safeguarding lead on the Trustees to identify the key risks and actions required.

Furthermore, our long-term strategic plan for the future will be finalised, underpinned by strong partnerships with agencies, supporters and funders, driven by a new process of data collection and KPI monitoring to inform future decisions.

Since the outbreak of COVID-19 and the introduction of government restrictions, the charity has quickly adapted its programme of activities and redeployed resources to meet the need within the community. Our soup kitchen, café and general wellbeing activities have been suspended and our foodbank has now moved to a 5 day per week service. *We have quickly cultivated new partnerships with food providers and increased our staffing capacity in this area to meet the demand, as referrals for the month of March 2020 have doubled year on year.* We are also providing online and telephone support to our supported housing residents, clients and volunteers to provide one to one counselling.

We are very grateful to have received £55k income from grants and donations in April 20. This strengthens our 'going concern' situation. We're estimating that we will have at least £120k funds at the end of our financial year to enable us to continue to deliver our essential services into 2021.

**5. Reference and administrative details of the charity, its trustees and advisors**

**Registered charity name** Hospitality and Hope

**Charity number** 1159213

**Registered office** Hampden Street Centre  
Hampden Street  
South Shields  
Tyne and Wear.  
NE33 4JR

**Trustees and Members of the Board**

Pauline Tinnelly (Chair)  
Sue Chilton (Treasurer)  
Sir David Chapman Bt  
Dave Fawcett (resigned July 2019)  
Peter Maloney  
Avril Robinson  
Ann Rodgers  
Sarah Green (appointed Jan 2019)

**Chief Executive and Senior staff members** Paul Oliver

**Independent Examiner** Doug Maltman FMAAT  
Connected Voice Charity  
Business Services  
Higham House  
Higham Place  
Newcastle upon Tyne  
NE1 8AF

**Bankers** HSBC  
110 Grey Street  
Newcastle Upon Tyne  
Tyne & Wear  
NE1 6JG

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## **6. Structure, governance and management**

### Governing documents

The organisation is a Charitable Incorporated Organisation, incorporated on 14 November 2014. The charity was established under a Foundation Model Constitution which establishes the objectives and powers of the charitable incorporated organisation and is governed under its Constitution.

### Appointment of Trustees

Apart from the first charity trustees, every trustee must be appointed for a term of three years by a resolution passed at a properly convened meeting of the charity trustees. In selecting individuals for appointment as charity trustees, the charity trustees must have regard to the skills, knowledge and experience needed for the effective administration of the CIO.

### **Board Induction and Training**

New Board Members are introduced to the work of the organisation and informed of their legal roles and responsibilities at an induction meeting. The induction and training programme for new Board Members includes:

- A briefing by the Chair or Chief Executive
- An explanation of roles and responsibilities as a Board Member
- Copies of the main company documents including the Memorandum and Articles of Association and the Financial Statements
- Copy of the business plan and most recent evaluation report
- Copies of recent board papers including budgets and management accounts
- A copy of the Charity Commission publication "How to be an Effective Trustee"
- A copy of the governance structure.

### Organisation

The Trustees meet each month with key staff and deal with the administration of the charity encompassing the strategic vision, financial accountability and risk management.

The operational management of the organisation is undertaken by the Chief Executive working in conjunction with the Board of Trustees.

### Risk management

The Trustees have conducted a review of the major risks to which the charity is exposed and systems have been established to mitigate those risks. These include the implementation of procedures for authorisation of all transactions and projects and for ensuring the consistent quality of the delivery of all operational aspects of the charitable organisation. These procedures are periodically reviewed to ensure that they still meet the needs of the charity.

## **7. Statement of Trustee Responsibilities**

The trustees are responsible for preparing the Trustees' Annual Report and the Financial Statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Charity SORP requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of incoming resources and application of resources, including the receipts and payments of the charity for that year. In preparing those financial statements, the trustees are required to:

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

The trustees are responsible for keeping accounting records that disclose with reasonable accuracy at any time the financial position of the charity. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by the Trustees on 06.05.2020 and signed on their behalf by:

Pauline Tinnelly  
Chair

## **HOSPITALITY AND HOPE CIO**

### **INDEPENDENT EXAMINER'S REPORT TO THE TRUSTEES**

For the year ended 31 October 2019

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I report on the financial statements of Hospitality and Hope CIO for the year ended 31 October 2019, which are set out on pages 12 to 24.

#### **Respective responsibilities of trustees and examiner**

The charity's trustees are responsible for the preparation of the accounts. The charity's trustees consider that an audit is not required for this year under section 144 of the Charities Act 2011 ("the Charities Act) and that an independent examination is needed.

The charity's gross income exceeded £250,000 and I am qualified to undertake the examination by being a Fellow Member of the Association of Accountancy Technicians.

Having satisfied myself that the charity is not subject to audit under company law and is eligible for independent examination, it is my responsibility to:

- examine the accounts under section 145 of the Charities Act,
- to follow the procedures laid down in the general Directions given by the Charity Commission (under section 145(5)(b) of the Charities Act), and
- to state whether particular matters have come to my attention.

#### **Basis of independent examiner's statement**

My examination was carried out in accordance with general Directions given by the Charity Commission. An examination includes a review of the accounting records kept by the charity and a comparison of the accounts presented with those records. It also includes consideration of any unusual items or disclosures in the accounts, and seeking explanations from the trustees concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit, and consequently no opinion is given as to whether the accounts present a 'true and fair view' and the report is limited to those matters set out in the statement below.

#### **Independent examiner's statement**

In connection with my examination, no material matters have come to my attention which gives me cause to believe that in, any material respect:

- the accounting records were not kept in accordance with section 130 of the Charities Act; or
- the accounts did not accord with the accounting records; or
- the accounts did not comply with the applicable requirements concerning the form and content of accounts set out in the Charities (Accounts and Reports) Regulations 2008 other than any requirement that the accounts give a "true and fair" view which is not a matter considered as part of an independent examination.

I have come across no other matters in connection with the examination to which attention should be drawn in this report in order to enable a proper understanding of the accounts to be reached.

Doug Maltman FMAAT  
Connected Voice Charity Business Services  
Higham House  
Higham Place  
Newcastle upon Tyne  
NE1 8AF  
Date: 06.05.2020

## HOSPITALITY AND HOPE CIO

### STATEMENT OF FINANCIAL ACTIVITIES

For the year ended 31 October 2019

	Notes	Unrestricted Funds £	Restricted Funds £	Total 2019 £	Total 2018 £
<b><u>Income from:</u></b>					
Donations and legacies	6	22,537	-	<b>22,537</b>	20,521
Charitable activities					
Grants and contracts	7	-	150,008	<b>150,008</b>	93,961
Other trading activities	8	2,100	120,064	<b>122,164</b>	94,464
<b>Total income</b>		<b>24,637</b>	<b>270,072</b>	<b>294,709</b>	<b>208,946</b>
<b><u>Expenditure on:</u></b>					
Raising funds	9	-	230	<b>230</b>	4,849
Charitable activities					
Operation of the charity	10	11,381	236,744	<b>248,125</b>	217,820
<b>Total expenditure</b>		<b>11,381</b>	<b>236,974</b>	<b>248,355</b>	<b>222,669</b>
<b>Net income/(expenditure) before transfers</b>		<b>13,256</b>	<b>33,098</b>	<b>46,354</b>	<b>( 13,723 )</b>
Transfers between funds		21,326	( 21,326 )	-	-
<b>Net movement of funds</b>		<b>34,582</b>	<b>11,772</b>	<b>46,354</b>	<b>( 13,723 )</b>
<b><u>Reconciliation of funds</u></b>					
Total funds brought forward		60,332	538,363	<b>598,695</b>	610,400
<b>Total funds carried forward</b>		<b>94,914</b>	<b>550,135</b>	<b>645,049</b>	<b>596,677</b>

The Statement of Financial Activities includes all gains and losses recognised in the year. All income and expenditure derive from continuing activities

The notes on pages 14 to 24 form an integral part of these accounts.

**BALANCE SHEET**

As at 31 October 2019

	Notes	£	Total 2019 £	£	Total 2018 £
<b>Fixed assets</b>					
Tangible assets	17		516,603		525,454
<b>Total fixed assets</b>			<b>516,603</b>		<b>525,454</b>
<b>Current assets</b>					
Stock	19	1,476		1,402	
Debtors	20	10,405		9,776	
Cash at bank and in hand	21	153,316		110,471	
<b>Total current assets</b>			<b>165,197</b>	<b>121,649</b>	
<b>Creditors:</b> amounts falling due within one year	22	( 16,751 )		( 18,408 )	
<b>Net current assets</b>			<b>148,446</b>		<b>103,241</b>
<b>Total assets less current liabilities</b>			<b>665,049</b>		<b>628,695</b>
<b>Creditors:</b> amounts falling due after more than one year	23	( 20,000 )		( 30,000 )	
<b>Total net assets or liabilities</b>			<b>645,049</b>		<b>598,695</b>
<b>Funds of the charity</b>					
Unrestricted income funds			94,914		60,332
Restricted income funds			550,135		538,363
<b>Total funds</b>			<b>645,049</b>		<b>598,695</b>

These financial statements were approved by the Board on: 06.05.2020

and are signed on its behalf by:

P Tinnelly  
Chair

## **HOSPITALITY AND HOPE CIO**

### **NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 October 2019

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#### **1 Accounting Policies**

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

#### **2 Basis of accounting**

##### **2.1 Basis of preparation**

These accounts have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant note(s) to these accounts.

The accounts have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) – Charities SORP (FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Charities Act 2011.

Hospitality and Hope CIO meets the definition of a public benefit entity under FRS 102.

##### **2.2 Preparation of the accounts on a going concern basis**

The charity reported total unrestricted funds at the year end of £94,914 and has already secured a significant amount of funding for the current year. The trustees are of the view that the immediate future of the charity for the next 12 months is secure and that on this basis the charity is a going concern.

#### **3 Income**

##### **3.1 Recognition of income**

Income is recognised when the charity has entitlement to the resources, any performance conditions attached to the item(s) of income have been met, it is more likely than not that the resources will be received and the monetary value can be measured with sufficient reliability

##### **3.2 Offsetting**

There has been no offsetting of assets and liabilities, or income and expenses, unless required or permitted by FRS102 SORP or FRS102.

##### **3.3 Grants and donations**

Income from government and other grants, whether 'capital' grants or 'revenue' grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

Income received in advance of the provision of a specified service is deferred until the criteria of income recognition are met.

##### **3.4 Volunteer help**

The value of volunteer help received is not included in the accounts but is described in the trustees' annual report.

## HOSPITALITY AND HOPE CIO

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2019

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#### 3.5 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

#### 3.6 Fund accounting

Unrestricted funds are available to spend on activities that further any of the purposes of the charity. Designated funds are unrestricted funds of the charity which the trustees have decided at their discretion to set aside to use for a specific purpose. Restricted funds are donations which the donor has specified are to be solely used for particular areas of the charity's work or for specific projects being undertaken by the

### 4 Expenditure and liabilities

#### 4.1 Liability recognition

Liabilities are recognised when it is more likely than not that there is a legal or constructive obligation committing the charity to pay out resources and the amount of the obligation can be measured with reasonable certainty.

#### 4.2 Charitable activities

Expenditure on charitable activities includes the costs of work and other activities undertaken to further the purposes of the charity and their associated support costs.

#### 4.3 Governance and support costs

Support costs have been allocated between governance cost and other support. Governance costs comprise all costs involving public accountability of the charity and its compliance with regulation and good practice.

Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. Support costs include central functions and have been allocated to activity cost categories on a basis consistent with the use of resources.

#### 4.4 Irrecoverable VAT

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

#### 4.5 Creditors

The charity has creditors which are measured at settlement amounts less any trade discounts.

#### 4.6 Provisions for liabilities

A liability is measured on recognition at its historical cost and then subsequently measured at the best estimate of the amount required to settle the obligation at the reporting date.

### 5 Assets

#### 5.1 Tangible fixed assets for use by the charity

Individual fixed assets costing £250 or more are capitalised at cost and are depreciated over their estimated useful economic lives on a straight line basis, the charity does not currently have any tangible fixed assets:

Office and computer equipment	25% straight line
Laygate property furniture	25% straight line
Freehold land and buildings	straight line over 50 years

## HOSPITALITY AND HOPE CIO

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2019

#### Analysis of income

	Unrestricted Funds £	Restricted Funds £	Total 2019 £	Total 2018 £
<b>6 Donations and legacies</b>				
Donations and gifts	20,320	-	<b>20,320</b>	18,968
Gift Aid	2,136	-	<b>2,136</b>	-
Other	81	-	<b>81</b>	1,553
	<u>22,537</u>	<u>-</u>	<u><b>22,537</b></u>	<u>20,521</u>
<b>7 Charitable activities</b>				
<u>Income from grants</u>				
Greggs Foundation - Hampden Street	-	15,000	<b>15,000</b>	12,500
Gisela Graham Foundation - Staffing	-	17,500	<b>17,500</b>	17,500
Hilden Charitable Trust - Staffing	-	5,000	<b>5,000</b>	-
ESF - LA7 Food, Shelter and a future	-	-	-	19,111
Awards for all - Staffing	-	9,838	<b>9,838</b>	-
Barbour Trust - Staffing	-	30,000	<b>30,000</b>	-
Sir David Chapman - Staffing	-	10,000	<b>10,000</b>	-
Chapman Charity - Staffing	-	2,000	<b>2,000</b>	-
J Fenwick - Building	-	-	-	500
	-	6,000	<b>6,000</b>	-
Community Foundation - Development worker				
Various funders - Staffing	-	19,950	<b>19,950</b>	-
Tenants grant	-	220	<b>220</b>	-
Community Foundation Appletree Fund - Building	-	-	-	1,000
Hedley Denton Charitable Trust	-	-	-	1,000
Various Funders - Building	-	-	-	350
Newby Trust	-	-	-	10,000
Henfey Trust	-	-	-	10,000
Ballinger Charitable Trust - Staffing	-	7,500	<b>7,500</b>	10,000
Sir James Knott Trust - Staffing	-	27,000	<b>27,000</b>	7,000
Prudhoe Street Mission	-	-	-	3,000
Northumbria Police Commissioner	-	-	-	2,000
	<u>-</u>	<u>150,008</u>	<u><b>150,008</b></u>	<u>93,961</u>
<b>8 Other trading activities</b>				
Fundraising events	1,500	-	<b>1,500</b>	590
Room Hire	600	-	<b>600</b>	-
HMO residents	-	65,091	<b>65,091</b>	59,549
Laygate café	-	54,973	<b>54,973</b>	34,325
	<u>2,100</u>	<u>120,064</u>	<u><b>122,164</b></u>	<u>94,464</u>

Income was £294,709 (2018: £208,946) of which £24,637 was unrestricted or designated (2018: £21,111) and £270,072 was restricted (2018: £187,835)

## HOSPITALITY AND HOPE CIO

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2019

#### Analysis of expenditure on charitable activities

	Unrestricted Funds	Restricted Funds	Total 2019	Total 2018
	£	£	£	£
<b>9 Raising funds</b>				
Fundraising costs	-	230	<b>230</b>	4,849
	-	230	<b>230</b>	4,849
<b>10 Charitable activities</b>				
<u>Direct costs</u>				
Staff salaries	-	54,886	<b>54,886</b>	22,149
Staff NI	-	6,891	<b>6,891</b>	4,924
Pension costs	-	7,726	<b>7,726</b>	3,418
DBS costs	65	-	<b>65</b>	18
Soup kitchen	573	-	<b>573</b>	637
Food bank	604	-	<b>604</b>	534
Client expenses	-	-	-	240
<u>Support costs</u>				
Volunteer Co-ordinator	-	12,567	<b>12,567</b>	15,726
Training	1,014	-	<b>1,014</b>	1,428
Travel	-	-	-	183
Phone - Food bank	160	-	<b>160</b>	144
Postage and carriage	154	-	<b>154</b>	75
Office consumables	-	-	-	495
Payroll fees	884	-	<b>884</b>	887
Hospitality	43	279	<b>322</b>	-
Literature	124	-	<b>124</b>	207
Telephone	382	-	<b>382</b>	235
Insurance	411	-	<b>411</b>	477
Loss on disposal of asset	155	-	<b>155</b>	-
Laygate - HMO costs:				
- Salary costs	-	33,110	<b>33,110</b>	25,558
- Telephone	-	1,173	<b>1,173</b>	1,049
- Other expenses	-	662	<b>662</b>	6,430
- Repairs	-	3,857	<b>3,857</b>	-
- Travel costs	-	118	<b>118</b>	-
- Food	-	129	<b>129</b>	-
- House expenses	-	650	<b>650</b>	-
- Activities	-	122	<b>122</b>	-
- Utilities	-	2,624	<b>2,624</b>	4,719
Laygate - Café costs:				
- Telephone	-	980	<b>980</b>	924
- Leases	-	2,439	<b>2,439</b>	2,863
- Salary costs	-	39,777	<b>39,777</b>	41,559
- Food and drink	-	17,687	<b>17,687</b>	12,851
- Equipment	-	160	<b>160</b>	863
- Janitor	-	2,347	<b>2,347</b>	1,959

## HOSPITALITY AND HOPE CIO

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2019

	Unrestricted Funds £	Restricted Funds £	Total 2019 £	Total 2018 £
<u>Support costs cont.</u>				
- Packaging	-	1,791	<b>1,791</b>	-
- Maintenance	-	348	<b>348</b>	164
- Printing and stationery	-	-	-	540
- Travel	-	85	<b>85</b>	37
- Other expenses	-	453	<b>453</b>	1,655
- Marketing	-	351	<b>351</b>	-
- Inspection	-	1,246	<b>1,246</b>	-
- Utilities	-	7,550	<b>7,550</b>	3,156
Greggs Foundation	-	12,285	<b>12,285</b>	14,160
Film	-	-	-	5,000
Sundry	-	2,016	<b>2,016</b>	8,046
ESF LA7	-	-	-	22,465
Equipment	3,296	-	<b>3,296</b>	238
Depreciation	789	8,229	<b>9,018</b>	8,937
Tenants	-	130	<b>130</b>	-
Stationery	349	-	<b>349</b>	-
ICT software	389	-	<b>389</b>	-
Marketing and communications	-	10,241	<b>10,241</b>	-
Building repairs	180	-	<b>180</b>	-
Prudhoe Mission	-	2,016	<b>2,016</b>	-
Culteral Spring	849	-	<b>849</b>	-
Police Commissioners	-	1,819	<b>1,819</b>	-
<u>Governance costs</u>				
Independent examiner's fees for reporting on the accounts	960	-	<b>960</b>	852
	<u>11,381</u>	<u>236,744</u>	<u><b>250,144</b></u>	<u>217,820</u>

Expenditure on charitable activities was £248,355 (2018: £220,651) of which £11,381 was unrestricted or designated (2018: £25,676) and £236,974 was restricted (2018: £194,975)

#### 11 Fees for examination of the accounts

	2019 £	2018 £
Independent examiner's fees for reporting on the accounts	<b>960</b>	852
Other accountancy services paid to the examiner	<b>884</b>	887
	<u><b>1,844</b></u>	<u>1,739</u>

## HOSPITALITY AND HOPE CIO

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2019

#### 12 Analysis of staff costs and the cost of key management personnel

	2019 £	2018 £
Salaries and wages	127,773	102,266
Social security costs	6,891	5,573
Pension costs (defined contribution pension plan)	7,726	3,624
	<u>142,390</u>	<u>111,463</u>

No employee received remuneration above £60,000 (2018: £nil)

The key management personnel of the charity, comprise the trustees and the Operations and Development Manager . The total employee benefits of the key management personnel of the charity were £38,357.

#### 13 Staff numbers

The average monthly head count was 8 staff (2018: 7 staff) and the average monthly number of full-time equivalent employees during the year were as follows:

	2019 Number	2018 Number
The parts of the charity in which the employee's work		
Charitable activities	6.5	5.5
	<u>6.5</u>	<u>5.5</u>

#### 14 Transactions with trustees

None of the trustees have been paid any remuneration or received any other benefits from an employment with their charity or a related entity.

##### Trustees' expenses

No trustee expenses have been incurred in the year.

##### Transaction(s) with related parties

There have been no related party transactions in the reporting period.

Sir David Chapman is also a board member for Chapman Charitable Trust and The Giesla Graham Foundation.

#### 15 Defined contribution pension scheme

The charity operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the charity in an independently administered fund.

The employer's pension costs represent contributions payable by the charity to the fund and amount to £7,038 (2018: £3,624). There was £0 outstanding as at 31 October 2019 (2018: £0)

#### 16 Corporation Taxation

The charity is exempt from tax on income and gains falling within section 505 of the Taxes Act 1988 or section 252 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objectives.

## HOSPITALITY AND HOPE CIO

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2019

	Office and computer equipment £	Laygate property furniture £	Freehold land and Buildings £	Total £
<b>17 Tangible fixed assets</b>				
<b>Cost</b>				
Balance brought forward	3,136	10,165	524,423	<b>537,724</b>
Additions	320	-	-	<b>320</b>
Disposals	( 309 )	-	-	<b>( 309 )</b>
<b>Balance carried forward</b>	<b>3,147</b>	<b>10,165</b>	<b>524,423</b>	<b>537,735</b>
<b>Depreciation</b>				
Basis	SL	SL	SL	
Rate	25%	25%	50 years	
Balance brought forward	1,571	5,011	5,688	<b>12,270</b>
Depreciation charge for year	788	2,540	5,688	<b>9,016</b>
Disposals	( 154 )	-	-	<b>( 154 )</b>
<b>Balance carried forward</b>	<b>2,205</b>	<b>7,551</b>	<b>11,376</b>	<b>21,132</b>
<b>Net book value</b>				
<b>Brought forward</b>	<b>1,565</b>	<b>5,154</b>	<b>518,735</b>	<b>525,454</b>
<b>Carried forward</b>	<b>942</b>	<b>2,614</b>	<b>513,047</b>	<b>516,603</b>

the disposal costs are due to the theft of equipment which was purchased in May 2018 at a cost of £309 and had accumulated depreciation of £154.

### 19 Stock

	2018 £
Opening stock	1,402
Added in period	19,478
Expensed in period	( 19,404 )
Impaired	-
Closing stock	<b>1,476</b>

### 20 Debtors and prepayments (receivable within 1 year)

	2019 £	2018 £
Debtors	<b>565</b>	-
Prepayments	<b>638</b>	2,710
Gift Aid	<b>9,202</b>	7,066
	<b>10,405</b>	<b>9,776</b>

## HOSPITALITY AND HOPE CIO

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2019

#### 21 Cash at bank and in hand

	2019 £	2018 £
Cash at bank	153,166	110,022
Cash in hand	150	449
	<u>153,316</u>	<u>110,471</u>

#### 22 Creditors and accruals (payable within 1 year)

	2019 £	2018 £
Accruals		
Independent examination of accounts	960	835
Loan repayment	10,000	10,000
Other creditors	5,791	7,573
	<u>16,751</u>	<u>18,408</u>

#### 23 Creditors and accruals (payable after more than 1 year)

	2019 £	2018 £
Long Term Loan	20,000	30,000
	<u>20,000</u>	<u>30,000</u>

#### 24 Events after the end of the reporting period

No events (not requiring adjustment to the accounts) have occurred after the end of the reporting period but before the accounts are authorised which relate to conditions that arose after the end of the reporting period.

#### 25 Analysis of charitable funds

##### Analysis of movements in unrestricted funds

	Fund balances brought forward £	Incoming resources £	Resources expended £	Transfers £	Fund balances carried forward £
<b>Unrestricted funds</b>					
General unrestricted fund	60,332	24,637	( 11,381 )	21,326	94,914
<b>Totals</b>	<u>60,332</u>	<u>24,637</u>	<u>( 11,381 )</u>	<u>21,326</u>	<u>94,914</u>

##### Purpose of unrestricted funds

General unrestricted fund                      The 'free reserves' of the charity

## HOSPITALITY AND HOPE CIO

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2019

#### Analysis of movement in restricted funds

Restricted funds	Fund balances brought forward £	Incoming resources £	Resources expended £	Transfers £	Fund balances carried forward £
Gisela Graham Foundation	3,262	17,500	( 20,762 )	-	-
Laygate café	-	54,973	( 76,425 )	21,452	-
Laygate HMO	-	65,091	( 43,765 )	( 21,326 )	-
Barbour Foundation	6,960	30,000	-	( 21,452 )	<b>15,508</b>
Newby Trust	5,750	-	( 5,750 )	-	-
Henfey Trust	10,000	-	( 10,000 )	-	-
Prudhoe Street Mission	3,000	-	( 3,000 )	-	-
Northumbria Police Commissioners	2,000	-	( 2,000 )	-	-
Ballinger Charitable Trust	10,000	7,500	( 15,084 )	-	<b>2,416</b>
Sir James Knott Trust	7,000	27,000	( 16,068 )	-	<b>17,932</b>
Building Fund	( 34,818 )	-	-	-	<b>( 34,818 )</b>
Freehold land and Building	518,735	-	( 5,688 )	-	<b>513,047</b>
Asset - Laygate furniture	5,155	-	( 2,541 )	-	<b>2,614</b>
Greggs Foundation	495	15,000	( 12,418 )	-	<b>3,077</b>
Greggs Foundation - Xmas	824	-	( 824 )	-	-
Awards for all	-	9,838	( 9,838 )	-	-
Community Foundation - Development worker	-	6,000	( 1,905 )	-	<b>4,095</b>
Sir David Chapman	-	10,000	( 10,000 )	-	-
Chapman Charity	-	2,000	( 776 )	-	<b>1,224</b>
Hilden Charitable Trust	-	5,000	-	-	<b>5,000</b>
Various funders - Staffing	-	3,950	-	-	<b>3,950</b>
M Stephenson - Staffing	-	2,500	-	-	<b>2,500</b>
Hadrian Trust - Staffing	-	1,000	-	-	<b>1,000</b>
CDCF - Staffing	-	2,000	-	-	<b>2,000</b>
Roy and Pixie Baker - Staffing	-	2,500	-	-	<b>2,500</b>
WA Handley - Staffing	-	5,000	-	-	<b>5,000</b>
RW Mann - Staffing	-	1,000	-	-	<b>1,000</b>
Archer Trust - Staffing	-	2,000	-	-	<b>2,000</b>
Tenants Grant	-	220	( 130 )	-	<b>90</b>
<b>Totals</b>	<b>538,363</b>	<b>270,072</b>	<b>( 236,973 )</b>	<b>( 21,326 )</b>	<b>550,135</b>

#### Purpose of restricted funds

Restricted funds represent income resources used for a specific purpose within the charity as identified by the donor.

Gisela Graham Foundation	Funds for staffing costs.
Laygate café	Funds to cover costs of Laygate cafe.
Laygate HMO	Funds to cover costs of Laygate HMO.
Barbour Trust	Staffing to develop the charity.
Newby Trust	Fundraiser grant writer costs.
Henfey Trust	Staffing costs.
Prudhoe Street Mission	Development for activity programmes for clients.

## HOSPITALITY AND HOPE CIO

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2019

#### Purpose of restricted funds (cont.)

Northumbria Police	
Commissioners	Development of gardening project with clients.
Ballinger Charitable Trust	Staffing costs.
Sir James Knott	Staffing costs.
Building Fund	Funds to cover costs of Laygate property.
Freehold land and buildings	Value of land and building less depreciation.
Asset - Laygate furniture	Value of Laygate furniture less depreciation.
Greggs Foundation	Funds for running costs of Hampden Street Centre.
Greggs Foundation - Xmas	Funds for Christmas activities for clients.
Awards for all	Volunteer Co-ordinator salary.
Community Foundation - Development worker	Wellness worker salary.
Sir David Chapman	Staffing costs.
Chapman Charity	Staffing costs.
Hilden Charitable Trust	Staffing costs.
M Stephenson	Staffing costs.
Hadrian Trust	Staffing costs.
CDCF	Staffing costs.
Roy and Pixie Baker	Staffing costs.
WA Handley	Staffing costs.
RW Mann	Staffing costs.
Archer Trust	Staffing costs.
Tenants Grant	Clothing for tenants.

#### Transfers between funds

	Reason for transfer	Amount £
Between unrestricted and restricted funds.	Re-allocation of HMO surplus.	21,326

#### 26 Capital commitments

As at 31 October 2019, the charity had no capital commitments (2018 -£nil)

#### 27 Analysis of net assets between funds

	Unrestricted Funds £	Restricted Funds £	Total 2019 £
Tangible fixed assets	942	515,661	516,603
Cash at bank and in hand	118,842	34,474	153,316
Other net current assets/(liabilities)	( 4,870 )	-	( 4,870 )
Long term assets/(liabilities)	( 20,000 )	-	( 20,000 )
	<u>94,914</u>	<u>550,135</u>	<u>645,049</u>

#### 28 Guarantee

There have been no guarantees given by the charity at 31 October 2019.

## **HOSPITALITY AND HOPE CIO**

### **NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 October 2019

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#### **29 Debt**

There is no debt outstanding which is owed by the charity and which is secured by an excess charge on any of the assets of the charity at 31 October 2019.

#### **30 Governing document**

The organisation is a Charitable Incorporated Organisation - Foundation registered on 14 November 2014 as a body corporate under part 11 of the Charities Act 2011.