



Annual Report & Financial Statements 2018

Canterbury Oast Trust (a company limited by guarantee)
Charity Registration No. 291662 Company Registration No. 01897198





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REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, ITS TRUSTEES AND ADVISERS FOR THE YEAR ENDED 31 MARCH 2018

Trustees:

Russell Walters	Chairman
Trevor Pearce	Vice Chairman (from October 2017)
Andrew Paris	ex-Vice Chairman (retired October 2017)
Chris Showell	Lead for Finance and Human Resources
Robert Perkins	Lead for Fundraising and Volunteering
Peter Pearson-Wood	Lead for Rare Breeds Centre
Martin J Bieri	(retired October 2017)
Elizabeth Emson	
Peter Ergis	
Ken Hesketh	
Martin Lovegrove	(appointed October 2017)
Timothy Nicholls	(resigned November 2017)
Michaela Tweedley	(appointed October 2017)

Company registered number

1897198

Charity registered number

291662

Registered Office

Highlands Farm, Woodchurch, Kent, TN26 3RJ

Secretary

Peter Ergis

Chief Executive

Joanne Creighton

Senior Managers

Fiona Dodge	Head of Care
Simon Robinson	Head of Finance & Commerce (until October 2017)
Susan Langford-Smith	Financial Controller (from October 2017)
Jerry Kenward	Head of Property & Infrastructure
Joanne Booth	Head of Human Resources (from October 2017)

Auditor

RSM UK Audit LLP, Hanover House, 18 Mt Ephraim Road, Tunbridge Wells, TN1 1ED

Bankers

National Westminster Bank plc, 20 High Street, Ashford, Kent, TN24 8SH



The Trustees (who are also Directors of the company for the purposes of the Companies Act) submit their annual report and the audited financial statements of Canterbury Oast Trust (the Trust) for the year ended 31 March 2018.

The Trustees confirm that the annual report, which includes the strategic report and financial statements of the Trust, comply with current statutory requirements, the requirements of the Trust's governing documents and the provisions of the Statement of Recommended Practice (SORP) 2015 'Accounting and Reporting by Charities'. The report and statements also comply with the Companies Act 2006 as Canterbury Oast Trust is also a company limited by guarantee.

CONSTITUTION & OBJECTIVES

The Trust is governed by a Memorandum and Articles of Association and is a registered charity, number 291662.

The charitable purpose of the Trust is to provide for the training, instruction, employment, future living, occupation, accommodation, sustenance, maintenance and care of people with a learning disability whether or not they have any other disability.

ORGANISATIONAL STRUCTURE, COMMUNICATION AND DECISION MAKING

Under the terms of the Articles of Association, the Trust is managed by a board of up to eleven Trustees and a maximum of three co-opted persons. Each Trustee may serve a maximum of three terms of three years. To ensure continuity of knowledge, it was agreed that Trustees who were serving at the date of the 2013 AGM when this limit was introduced would be eligible to serve for one further term of three years if they had already served for over nine years. The Trustees who served during the year are listed on Page 1.

Governance

The Board met six times in the financial year and also held an away-day meeting in October 2017 to look at the strategic direction of the charity.

Issues were discussed in more detail at the following Committees:

- Finance (including commercial activities) - met 4 times during the year;
- Care - met 4 times during the year;
- HR - met 4 times during the year.

An ad-hoc Nominations Committee met once during this period, to review and address Trustee recruitment and succession planning.

The Board has elected Lead Trustees for Finance, Care, HR, the Rare Breeds Centre and Fundraising & Volunteers. The Lead Trustees for Finance, Care and HR are also Chairmen of the relevant Committees.

The Chief Executive of the Martha Trust was invited to join the Strategic away-day in October in order to discuss common experiences and share best-practice for learning disability providers.



Trustee Election, Induction & Training

Trustees are elected or re-elected, as appropriate, by the votes of Full Members at the AGM. Induction for Trustees is arranged and co-ordinated on an individual basis. The Trustees spend time with the Chairman of Trustees, the Chief Executive and key members of the senior management team, as well as visiting all the Trust's services to meet service users and staff.

In managing the Trustee recruitment process, the Nominations Committee placed particular emphasis on those with skills in finance, property and care to complement existing skills and knowledge. Two new trustees were voted on to the Board at the AGM in October 2017, bringing finance, commerce and property skills.

The charity considers the Board of Trustees and the Chief Executive as their key management personnel. Salary for the CEO is set annually by the Board of Trustees, taking into account individual performance, proportionality with salaries across the organisation, market data and the charity's ability to pay. Senior staff are included in an organisation-wide salary scale, which was developed following a detailed job evaluation exercise in 2015/16. The salary scale is reviewed annually by the HR Committee, with reference to affordability, recruitment needs and market forces.

Charity Management

The Trustees delegate responsibility for the Trust's day-to-day activities to the CEO. An organisational restructure was undertaken during 2017 in order to realign the senior management of the charity with its key strategic and operating priorities. The process resulted in the formation of a revised senior management team, comprising:

Head of Care, Financial Controller, Head of Human Resources, Head of Property & Infrastructure and Head of Visitor Engagement, who has responsibility for Marketing, PR and the day-to-day running of the Rare Breeds Centre.

Each operating area has a dedicated management team who have access to support from central HR, Finance, Payroll, Estates and Marketing resources. This allows frontline teams to concentrate on providing the best possible support to service users, families and visitors.

Communications

The CEO and Chairman held 4 meetings with family members during 2017/18 to hear their views first-hand and identify any areas of common concern. In addition, a Strategy Presentation was held for all families in April to discuss developments in the Adult Social Care Sector and set out the Trust's 5-year plan. The quality of relationships with families and the support enjoyed on both sides continues to be a key area of strength.

Trustees made regular, scheduled visits to meet service users and staff in order to gain a clear insight into the day-to-day work of the charity. Feedback from these visits was featured as a standing agenda item for all Board Meetings.

Staff members and volunteers were invited to 2 Trust-wide communication meetings on current and future developments during the year. In addition, Staff Representative Meetings were held at 6-weekly intervals, where issues of general concern were considered and addressed.

Residents and Tenants were invited to share their ideas, views and concerns via the COT Group: a service user forum which met with Care Management Staff on 4 occasions.



RISK MANAGEMENT

The Trust maintains a detailed Risk Register, which takes into account the changing environment in which we operate and the increasing external risks in the Care and Tourism sectors. The Risk Register is reviewed at Finance Committee meetings and annually by the Board. Major risks to which the Trust is exposed are highlighted and Trustees check that systems are in place to mitigate those risks as far as possible.

The principal risk to the charity remains the changing adult social care landscape and the preference for independent living placements among local authority commissioners. The decreasing requirement for residential care homes requires a reconfiguration of Trust services in order to reduce the risk. This process began in 2016 and continued into 2017/18 with the closure of Harrington Cottage residential home and the addition of independent living flats at Warren Mews. Work continues with the addition of two further self-contained flats at our Beaver Lodge service and plans for four more places on Highlands Farm.

Risks associated with safeguarding, health & safety and the farm visitor attraction are closely monitored and subject to regular review. The lead senior manager for safeguarding and health & safety provides a report at every Board Meeting.

The ongoing increase in the National Living Wage (and the inability of local authorities to fully meet those costs) continues to be an area of major concern. The charity works to address this risk through improved performance of our tourism operation and careful, but appropriate, management of staff and other costs.

The introduction of the new General Data Protection Regulations in May 2018 required significant preparatory work during the Financial Year and, to help address the issue, the Trust employed the services of a Data Protection Coordinator in the latter half of the year.

PUBLIC BENEFIT STATEMENT

The Trustees confirm that they have complied with their duty in Section 4 (1) of the Charities Act 2011 to have due regard to the Charity Commission's general guidance on public benefit.

During the year the Trust provided quality care and training to nearly 200 individuals with a learning disability, enabling them to lead brighter lives and to contribute as far as possible to the wellbeing of the communities to which they belong.

The Trust also provided visitor attraction services to over 120,000 local people through the operation of the Rare Breeds Centre. In addition to the visitor experience, the Centre offered a valuable opportunity for the public to find out more about the work of Canterbury Oast Trust and gain a greater understanding of learning disability.





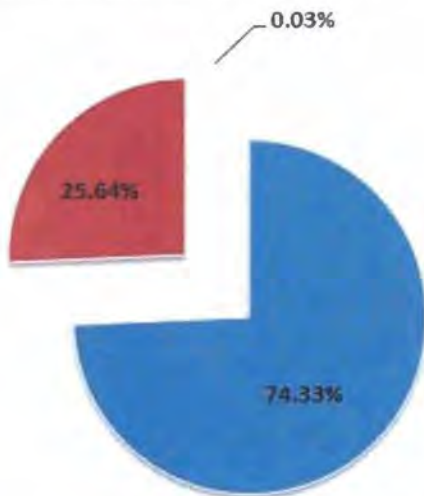
ACHIEVEMENTS AND PERFORMANCE

Financial Performance

The results for the year are set out in the statement of financial activities, from page 18.

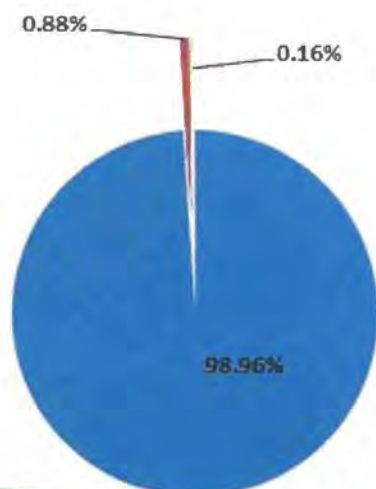
The Trust achieved a budget surplus in the financial year. This was a very pleasing outcome and we were especially pleased with the performance of the Rare Breeds Centre, which – once again – ended the year ahead of budget. In particular, the charity benefitted from an exceptionally generous legacy gift during the year: the largest single donation in the Trust’s history. The figures also include an exceptional, one-off payment of £35,000 in relation to the buy-out of COT’s Pension Trust liability.

Net movement in funds during the year was £1,503,486 (2017: £310,381) of which £1,356,624 (2017: £256,768) was the movement on unrestricted funds. Total reserves as at 31 March 2018 were £7,396,940 (2017: £5,893,454) of which £6,318,578 (2017: £4,961,954) represented unrestricted funds.



Income 2018 Total £7,562,145

■ Charitable Activities	£5,620,858
■ Donations & Legacies	£1,938,950
■ Investments	£2,337



Expenditure 2018 Total £6,108,804

■ Charitable Activities	£6,045,111
■ Raising Funds	£53,894
■ Bank Interest Paid	£9,799



REVIEW OF ACTIVITIES

As agreed at the Trustees' Strategic Away Day in October 2016, the key goals for the Financial Year 2017/18 were:

Goal 1: To provide a varied and financially sustainable mix of living options for adults with learning disabilities

The reshaping of our care services continued, with the reduction of residential care home places and the construction of additional independent living facilities. Following the successful completion of a new self-contained flat at our Warren Mews service in 2016, a second was added during the year, welcoming its first tenant in October 2017. Planning permission was also secured for a third flat at the service and building works began in April 2018.



Two additional independent living places were added to the Beaver Lodge service in Ashford and will be ready to welcome new tenants during the final months of 2018.

Preparatory works were undertaken to improve the power supply on the Highlands Farm site in readiness for 4 further self-contained apartments at Farm View. These developments will align our accommodation offer more closely with local authority commissioning priorities and increase the Trust's financial sustainability into the future.

COT welcomed 4 new service users into our community during the year; 3 into our residential services and 1 into the new independent living flat. In addition, 2 internal moves were undertaken in order to accommodate changing needs.

The Care Quality Commission inspected 3 of our 9 residential homes during 2017/18 (Holly Cottage, Ivy Cottage and Rosemary Cottage) and overall 'Good' ratings were achieved in all cases. Inspection reports were particularly complimentary about the level of person-centred planning, the respect for individual choice and the promotion of independence and inclusion. Service users confirmed that they felt safe in a calm and relaxed atmosphere.





The Trust once again benefited from the efforts of the in-house Estates Team, who helped to maintain and upgrade our care infrastructure. Improvement works included the relocation of a bedroom to improve accessibility; a kitchen refit; external redecoration at 2 of our properties; 2 major bathroom upgrades and the refurbishment of utility areas in several of our CSS houses.

In order to ensure that the Trust's care strategy is informed by external developments, the Head of Care maintained an active presence in the sector and represented the Trust at a range of consultation events throughout the year, including those relating to day service provision and independent living contracts. COT were part of the pilot group for the new service review matrix model, which has now been rolled out over Kent.

Goal 2: To provide a varied and financially sustainable mix of learning opportunities for adults with learning disabilities

Over 21,000 individual Life Skills sessions were delivered to service users during 2017/18 and, by the end of the Financial Year, there were 77 internal and 82 external students registered on our programmes.

A total of 49 students completed City & Guilds accreditation in subjects including English, Maths, 'Skills for Working Life', Retail, Hospitality and IT. 'Pathfinders' - our new in-house work and employment course - began in 2017 with 4 participants enrolling in the inaugural programme.

Our short courses continue to be popular, with over 100 students completing Health & Safety and First Aid training.

We further developed our relationship with the Community Rail Partnership during the year, with our students creating and maintaining planters at Hamstreet and Rye train stations in addition to our ongoing presence at Ashford International. The experience of working with a commercial partner offers a valuable real-life dimension to our Horticulture programme and provides a welcome opportunity for individuals to showcase their developing skills.

Refurbishment works were undertaken on our Coterie Tea Rooms in Rye and menus were updated in order to remain viable in the highly competitive local market.



The Chief Executive and one of COT's service users were invited to join the Steering Group of a new research project at the Tizard Centre (University of Kent) in January. The research — which will run throughout 2018 and early 2019 — seeks to establish the value and cost-effectiveness of life skills services and the role they play in the general wellbeing of adults with a learning disability.



Goal 3: To raise awareness and acceptance of learning disability through community engagement

Our mission at Canterbury Oast Trust is to provide brighter lives for adults with learning disabilities by increasing options for independence, for learning and for acceptance. In the case of the latter, we believe that positive, meaningful social contact is the best way to raise awareness and improve public attitudes toward learning disability. Our life skills community projects - including the Rare Breeds Centre, Poulton Wood Nature Reserve and Coterie Tea Rooms in Rye - play a key role in helping us achieve that objective.

A total of 127,878 visitors were welcomed to the Rare Breeds Centre during the Financial Year: the highest number in the site's history. Over 15% of our visitor income related to annual passes—an encouraging indicator of the number of individuals who make return trips to the site.

The continued focus on encouraging regular visits helps to increase the frequency and quality of contact between our service users and the communities we serve. Once again, our 'Halloween Spooktacular' and 'Santa Special' events were successful in attracting regular visitors.



Our Life Skills students once again enjoyed real-life work experience serving the public in the shop and visitor restaurant, as well as delivering 'meet the animals' interactive sessions for visiting families.



The Rare Breeds Centre Schools' Programme continues to prove effective in helping children engage with learning disability before prejudice can develop. We continued to enhance our education offer with a menu of options including animal talks, nature activities, bug hunting and pond dipping. This prompted 139 schools to visit during the year, along with 56 youth and community groups.



Improvements to the Rare Breeds Centre included new toilet facilities; redevelopment of our Children's Barn; upgrades to the lambing tunnel and wash stations and redecoration of the Falcon's Centre conference facility. An extension to the tube maze and major refurbishment works to the Mysterious Marsh adventure play area proved popular with our younger visitors.



Public Recognition

The work of COT achieved public recognition from a range of sources during the year, most notably the Trip Advisor 'Certificate of Excellence' for consistently good reviews of the Rare Breeds Centre and the Coterie Tea Rooms.

Our Farm Life Skills students were proud to represent the Rare Breeds Centre at agricultural shows around the county, winning two 3rd place prizes at the Ashford Fatstock event in November.



Promoting the work of COT

The Trust's work was promoted through a variety of different channels, including printed media (with regular advertising in targeted publications for families) and through our websites - 'www.c-o-t.org.uk' and 'www.rarebreeds.org.uk'.

We were active on social media, providing regular updates on our work via Facebook and Twitter '@cotcharity' and '@rarebreedskent'.

As in previous years, the events programme proved a valuable promotional tool, with the Car Rally, Bluebell Cream Tea, Poulton Wood Open Day and Care Open Day once again offering opportunities to reach out to new audiences.



The Rare Breeds Centre continues to advertise on Heart FM, with a new focus in 2018 on audiences in East Sussex. The Trust took part once again in The Big Weekend event, organised by Visit Kent, with an impressive 6,864 people applying for the chance to win one of the 100 free tickets available.

Representatives of COT were invited to speak at a range of community events during the year, including Rotary Club Meetings and Freemasonry events. Regular volunteering visits from the Kent Ambassadors helped to raise awareness of the work of the charity around the county.

The magazine InTouch - via which we communicate with families and supporters - was published 3 times during the year, in both hard copy and online formats.



Fundraising

The Trustees confirm that COT's fundraising activity is compliant with the recognised standards of fundraising as set out in the Code of Fundraising Practice, as well as those required under charity law. The Trust participates in the Fundraising Regulator's voluntary regulatory regime and does not employ the services of any third-party professional fundraising organisations. No complaints have been received in relation to COT's fundraising activity. All fundraising activity is planned and monitored by the Fundraising Manager and Chief Executive to ensure that it is not unreasonably intrusive or persistent and that no undue pressure is placed on any individual in relation to donation requests.

The Trust continued to benefit from the generosity of loyal supporters in 2017/18 with unrestricted donations totaling £396,053 and a further £267,646 pledged for restricted projects.

Support from Charitable Trusts and Foundations included Wolfson Foundation, Cantiacorum Foundation, the Civil Service Insurance Society (CSiS), ACT Foundation, Mark Leonard Trust, Will Charitable Trust, Garfield Weston Foundation, Bernard Sunley Charitable Foundation, Baily Thomas Charitable Fund, Beatrice Laing Trust and Nineveh Charitable Trust.

We were delighted to be the East Kent charity to receive the most public votes during a Masonic Charitable Foundation competition to celebrate 300 years of Freemasonry. The prestigious prize was a grant of £25K towards our new Life Skills Academy, formally presented at an award ceremony in October.

Families and friends remain an invaluable source of support, through regular giving, in-kind support and community fundraising efforts such as quiz nights, cycle rides, endurance challenges, sponsored walks and open garden events.



Donations from individuals enabled us to improve wheelchair accessibility across the Rare Breeds Centre car park and undertake the milling of coppiced oak trees at Poulton Wood. The milled wood was used to create items for sale to the public—increasing the value of the donation still further.

We received £5K from the Kent County Council Members' Grant Scheme to facilitate a 2-year partnership project with the Norton Knatchbull School in Ashford. Care and Marketing staff at COT will be working with the students to create a range of marketing materials for our Care and Life Skills services.

Achieving Charity of the Year status among businesses or community groups is always a great honour and COT was delighted to be chosen by a wide range of organisations in 2017, including Tenterden Golf Club, Sandwich Rotary Club, Blackheath Golf Club, Military Jubilee Lodge, South Willesborough & Newton WI, Gads Hill School and Basepoint of Folkestone.



Other community supporters included Tenterden Lions, the Lord Raglan Pub and Furley Park Primary School, who undertook a sponsored fun run in support of COT.

Thanks to shoppers casting their votes in local Tesco stores, COT received a £4K donation from the retailer's 'Bags of Help' initiative. These funds have enabled the Volunteer Gardening Group to buy essential tools and plants for our residential and CSS gardens.

For many at COT, the highlight of the year was the 'Thank You Party' held to formally recognise the achievement of £1M in donations by the volunteers at HiTrade— a charity shop in Sidcup that has supported the work of COT for over 25 years.

During the course of the day, each volunteer was presented with a commemorative book featuring thank-you messages from staff and service users, along with a photo record of some of the projects made possible over the years by their regular donations.



The Friends of COT, who raise funds for service user holidays, outings and events had an extremely active year in 2017. The group of long-standing and dedicated volunteers awarded grants of over £3K for musical entertainment evenings, weekly Zumba classes, discos, a Summer Sports Day, pantomime tickets and Christmas gifts for all service users.

The Friends generated their grants through a range of fundraising events including a sewing-room sale, tombolas and raffles, charity lunches, coffee mornings, a Christmas Gift Market and a Christmas Concert by the Kent Police Male Voice Choir.

Following a successful year-long fundraising campaign, building works commenced in January 2018 for our new Life Skills Academy on the Highlands Farm site. This exciting new facility will allow us to broaden our literacy, numeracy and IT curricula and increase capacity from 60 to over 100 students.

At 144 square metres, the new facility is three times the size of our existing college and will enable us to cater for a wider range of learning needs.

The building - named 'The Foley Centre' in recognition of John Foley (principal funder and brother of a COT service user) - was made possible by a combination of Trust & Foundation grants, community fundraising initiatives and generous individual gifts.



Fundraising priorities for the Financial Year 2018/19 include equipment and a specialist tutor for the new Academy and Information Technology hardware to increase efficiency across the charity.



Goal 4: To continue to recruit and retain a dedicated, qualified and stable workforce

The professional development we offer our staff is a particular area of strength for COT and we were proud to deliver 55 on-site courses to 576 delegates during the course of the year. Over 343 E-learning modules were also undertaken. Fourteen staff completed their Care certificate, and a further 7 undertook Level 2 Diplomas in Health & Social Care.

We have recently secured contracts with two learning and development providers, iHasco and Care Skills Academy. iHasco are providing mandatory online learning & development modules predominantly to RBC, Estates and Central staff teams. Care Skills Academy, who are endorsed by Skills for Care, are providing essential required learning and development online modules, for our Care and Life Skills teams. These online modules will continue to be underpinned by the provision of taught courses, the support of professionals outside of COT, coaching and mentoring and other accredited learning and development courses as required.

Volunteering

Volunteering throughout the Trust has continued to flourish, with 157 individuals registered with us at the end of March 2018; an increase of 8% on the previous year.

The Rare Breeds Centre is an increasingly important source of referrals, with growing numbers of people keen to support our work after spending an enjoyable day on the farm.

Our volunteer gardening group has increased in size and continues to be an indispensable resource. The group works across all COT homes to assist staff and service users in keeping gardens tidy and inviting.



Corporate volunteering also continued to be very popular with AXA, NatWest, Wealden Times, Laing O'Rourke, Kent County Council, and the Cello Health Group undertaking activities for us during the course of the year; some visiting on 5 separate occasions.

The annual Volunteer Lunch, which was held in September, provided an opportunity for the Chief Executive and Trustees to offer a public vote of thanks for the many hours and considerable effort given by volunteers throughout the previous 12 months.

A new Volunteer Coordinator joined the Trust in January 2018 and is working on further improving communications and welfare support for our volunteer workforce.



STRATEGIC OBJECTIVES 2018—19

At our annual strategy meeting in October 2017, the Trustees, Chief Executive and senior management team reviewed and agreed following areas of focus:

To explore and implement new software and hardware solutions in order to improve efficiency and free-up staff time to address the 4 Strategic Goals.

Goal 1—To provide a varied and financially sustainable mix of living options for adults with learning disabilities by:

- developing additional supported living services at Beaver Lodge, Warren Mews and Farm View, in order to more evenly balance our residential and CSS numbers;
- reducing the deficit on residential care accommodation services by exploring more cost-efficient operating models.

Goal 2—To provide a varied and financially sustainable mix of learning opportunities for adults with learning disabilities by:

- reviewing the current operating model to ensure that all Life Skills services achieve break-even or better;
- successfully launching the new *MY LIFE* Skills Academy;
- raising the profile of COT day services to stimulate demand.

Goal 3—To raise awareness and acceptance of learning disability through community engagement by:

- introducing a Head of Visitor Engagement to ensure that marketing messages for the Rare Breeds Centre are more closely aligned with the Canterbury Oast Trust mission and values;
- ensuring that we capitalise on all opportunities to promote care services, volunteering opportunities and job vacancies to our RBC visitors;
- encouraging positive engagement between visitors and service users by increasing the number of return visits.

Goal 4—To continue to recruit and retain a dedicated, qualified and stable workforce by:

- undertaking a review of Human Resource operations in order to improve the management of welfare issues and increase the speed with which staff vacancies are filled;
- exploring new audiences for support worker vacancies and further developing COT's on-the-job training provision;
- developing a bespoke Leadership & Management Programme for all Line Managers;
- improving and standardising reward and recognition activity throughout the Trust;
- reducing agency costs through improvements in the management, recruitment and training of in-house flexi-bank staff.



INVESTMENT POLICY

The Memorandum of Association allows the Trustees to make and hold investments using monies not required for immediate use. The Trust has very significant investment in property and has an Investment Sub-Committee, within the Finance Committee, which is tasked with investing an agreed proportion of the cash deposits to improve investment returns.

An Investment Policy was approved in May 2015 and it was agreed that up to £1M of the Trust's cash reserves should be invested with an appropriate Investment Manager. Following a tender process, £500,000 not required for immediate use was invested with CCLA, followed by a further £250,000 in June 2015. The Trust's £750,000 investment with CCLA increased in value to £924,779 as at 31st March 2018.

When we selected CCLA as our investment managers their objective was to achieve a return of inflation plus 3.0% after costs.

CCLA are a leader in stewardship and ethics; their approach to stewardship was rated as A+ in the most recent United Nations Principles for Responsible Investment (UN PRI) survey. They are also a signatory of UN PRI and the UK Stewardship Code.

RESERVES POLICY

The policy of the Trustees is to maintain the minimum of cash reserves and working capital sufficient to meet known development plans, as well as the day-to-day needs of the Trust, whilst retaining a reserve to provide security for the residents and employees.

The Board Approved Reserves Policy states that a reserve between three and six months' operating costs should be maintained. At year-end, the figure stood at the equivalent 3.51 months' operating costs.

PENSIONS

Last year it was reported that Canterbury Oast Trust no longer allowed employees to join the Pensions Trust Growth Plan Series 3 (a defined benefit pension arrangement) as new members. There remained a number of employees and past employees who retained accrued benefits in this Plan.

Under Section 75 of the Pensions Act 1995, COT is potentially liable to make a payment to the Pensions Trust in respect of the funding shortfall that currently exists. Because the amount of the shortfall is re-calculated from time to time and could increase substantially in the future, the Trustees decided to make a payment now to remove the liability.

As a consequence, a payment of £31,802 was paid to the Pensions Trust on 8 February 2018. The Pensions Trust have acknowledged receipt of the above and confirmed that no liability now exists in respect of Section 75 of the Pensions Act 1995.

To comply with current legislation COT supports employees' ability to invest in the (defined contribution) arrangements offered by The Peoples' Pension. The Trustee Board (of COT) does not give employees financial advice but does monitor the performance of the funds offered by The Peoples' Pension.



PLANS FOR THE FUTURE

The charity will continue to work towards its plans for the future by meeting its strategic objectives as set out on page 13.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees (who are also directors of Canterbury Oast Trust for the purposes of company law) are responsible for preparing the Trustees' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company and charity law requires the Trustees to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the company for that period. In preparing these 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 judgments and estimates that are reasonable and prudent;
- prepare the financial statements on an on-going concern basis unless it is inappropriate to presume the charitable company will continue in operation.

The Trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy, at any time, the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006 (as amended).

They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on this charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

PROVISION OF INFORMATION TO THE AUDITORS

So far as each of the Trustees is aware at the time this report is approved there is no relevant audit information of which the Trust's auditors are unaware and the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to ensure that the auditors are aware of that information.

AUDITOR

In accordance with the charity's Memorandum and Articles of Association, a resolution proposing that RSM UK Audit LLP be re-appointed as auditor of the charity will be proposed at the Annual General Meeting on 6th October 2018.

APPROVAL

This report, including the strategic report, was approved by the Trustees on 28th September 2018 and signed on their behalf by:

Russell Walters, Chairman

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CANTERBURY OAST TRUST

Opinion

We have audited the financial statements of Canterbury Oast Trust (the 'charitable company') for the year ended 31 March 2018 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 March 2018 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.

Basis for opinion

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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

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 Trustees' Report and the incorporated Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Report and the incorporated Strategic Report have been prepared in accordance with applicable legal requirements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CANTERBURY OAST TRUST (CONTINUED)

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 Strategic Report and the Trustees' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Trustees

As explained more fully in the Statement of Trustees' Responsibilities, on page 15, the Trustees' (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees' 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 Trustees 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 Trustees 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.

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 solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members as a body, for our audit work, for this report, or for the opinions we have formed.



James Saunders (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
Hanover House
18 Mount Ephraim Road
Tunbridge Wells
Kent, TN1 1ED

.....
29/10/2018

CANTERBURY OAST TRUST

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2018

	Notes	Unrestricted funds £	Restricted funds £	Total 2018 £	Total 2017 £
<u>Income from:</u>					
Donations and legacies	3	1,657,306	281,644	1,938,950	559,942
Charitable activities	4	5,620,858	-	5,620,858	5,508,629
Other trading activities	5	-	-	-	813
Investments	6	2,217	120	2,337	6,765
Total income		7,280,381	281,764	7,562,145	6,076,149
<u>Expenditure on:</u>					
Raising funds	7	53,894	-	53,894	50,426
Charitable activities	8	5,910,209	134,902	6,045,111	5,841,508
Other	10	9,799	-	9,799	11,219
Total expenditure		5,973,902	134,902	6,108,804	5,903,153
Net Gain on investments		50,145	-	50,145	137,385
Net income for the year/ Net movement in funds		1,356,624	146,862	1,503,486	310,381
Fund balances at 1 April		4,961,954	931,500	5,893,454	5,583,073
Fund balances at 31 March		6,318,578	1,078,362	7,396,940	5,893,454

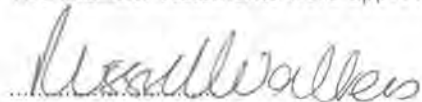
CANTERBURY OAST TRUST

BALANCE SHEET

AS AT 31 MARCH 2018

	Notes	2018		2017	
		£	£	£	£
Fixed assets					
Tangible assets	14		3,744,107		3,290,015
Investments	15		951,879		902,734
			<u>4,695,986</u>		<u>4,192,749</u>
Current assets					
Stocks	16	81,591		86,788	
Debtors	17	1,997,308		533,254	
Cash at bank and in hand		1,557,232		2,060,068	
		<u>3,636,131</u>		<u>2,680,110</u>	
Creditors: amounts falling due within one year	18		<u>(530,277)</u>		<u>(519,913)</u>
Net current assets			3,105,854		2,160,197
Total assets less current liabilities			<u>7,801,840</u>		<u>6,352,946</u>
Creditors: amounts falling due after more than one year	20		<u>(404,900)</u>		<u>(459,492)</u>
Net assets			<u><u>7,396,940</u></u>		<u><u>5,893,454</u></u>
Income funds					
Restricted funds	24		1,078,362		931,500
<u>Unrestricted funds</u>					
Designated funds	25	240,000		542,000	
General unrestricted funds		6,078,578		4,419,954	
			<u>6,318,578</u>		<u>4,961,954</u>
			<u><u>7,396,940</u></u>		<u><u>5,893,454</u></u>

The financial statements were approved by the Trustees on 6/10/2018



Russell Walters, Chairman
Trustee

Company Registration No. 01897198

CANTERBURY OAST TRUST

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2018

	Notes	2018 £	£	2017 £	£
Cash flows from operating activities					
Cash generated from operations	29		202,906		430,755
Interest payable	10		(9,799)		(11,219)
			<u>193,107</u>		<u>419,536</u>
Investing activities					
Purchase of tangible fixed assets		(655,174)		(180,627)	
Proceeds on disposal of tangible fixed assets		10,486		3,117	
Redemption of current asset investments		1,000		1,000	
Interest received		2,337		6,765	
			<u>(641,351)</u>		<u>(169,745)</u>
Financing activities					
Repayment of bank loans		(54,592)		(67,520)	
Payment of obligations under finance leases		-		(21,428)	
			<u>(54,592)</u>		<u>(88,948)</u>
Net (decrease)/increase in cash and cash equivalents			<u>(502,836)</u>		<u>160,843</u>
Cash and cash equivalents at beginning of year			<u>2,060,068</u>		<u>1,899,225</u>
Cash and cash equivalents at end of year			<u><u>1,557,232</u></u>		<u><u>2,060,068</u></u>

CANTERBURY OAST TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

1 Accounting policies

Charity information

Canterbury Oast Trust is a private company limited by guarantee incorporated in England and Wales. The registered office is Highlands Farm, Woodchurch, Ashford, Kent, TN26 3RJ.

In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per voting member of the Trust.

The trusts objectives and aims are disclosed in the Trustees' and Strategic Report.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", the requirements of the Companies Act 2006 and under the historical cost convention, modified for certain fixed asset investments. The financial statements have also been prepared in accordance with the accounting policies set out in more detail below, to comply with the charity's governing document, the Charities Act 2011 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 published on 16 July 2014 (the FRS 102 Charities SORP 2015).

The trust constitutes a public benefit entity as defined by FRS102.

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

1.2 Going concern

At the time of approving the financial statements, the Trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. Thus the Trustees continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Charitable funds

Unrestricted funds are available for use at the discretion of the Trustees in furtherance of their charitable objectives unless the funds have been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

Restricted funds are subject to specific conditions by donors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the financial statements.

Investment income, gains and losses are allocated to the appropriate fund.

1.4 Income

Income is recognised when the charity is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

Gifts in kind donated for distribution are included at valuation and recognised as income when they are distributed to the projects. Gifts donated for resale are included as income when they are sold. Donated facilities are included at the value to the charity where this can be quantified and a third party is bearing the cost. No amounts are included in the financial statements for services donated by volunteers.

Legacies are recognised on receipt or otherwise if the charity has been notified of an impending distribution, the amount is known, and receipt is expected. If the amount is not known, the legacy is treated as a contingent asset.

CANTERBURY OAST TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

1 Accounting policies (Continued)

Donated services or facilities, which comprise donated services, are included in income at a valuation which is an estimate of the financial cost borne by the donor where such a cost is quantifiable and measurable. No income is recognised where there is no financial cost borne by a third party. Income tax recoverable in relation to donations received under Gift Aid is recognised at the time of the donation.

Income tax recoverable in relation to investments income is recognised at the time the investment income is receivable.

Interest income is recognised when it is probable that the economic benefits will flow to the company and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and the effective interest rate applicable.

1.5 Expenditure

All expenditure is accounted for on an accruals basis and has been included under expense categories that aggregate all costs for allocation to activities. Where costs cannot be directly attributed to particular activities they have been allocated on a basis consistent with the use of the resources.

Support costs comprise in the main central staff costs, these are allocated between charitable activities and governance costs (central administration) based on actual or estimated time employed by staff in these functions. Governance costs are those incurred in connection with administration of the charity and compliance with constitutional and statutory requirements.

1.6 Tangible fixed assets

All assets costing more than £1,000 are capitalised.

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

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

Freehold buildings	2-15% straight line
Fixtures and fittings	15-25% straight line
Motor vehicles	25% straight line

Assets in the course of construction are not depreciated.

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.

1.7 Fixed asset investments

Fixed asset investments are initially measured at transaction price excluding transaction costs, and are subsequently measured at fair value at each reporting date. Changes in fair value are recognised in net income/(expenditure) for the year. Transaction costs are expensed as incurred.

Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the charity. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

CANTERBURY OAST TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

1 Accounting policies (Continued)

1.8 Impairment of fixed assets

At each reporting end date, the charity reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

1.9 Stocks

Stocks and work in progress are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

1.10 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less.

1.11 Financial instruments

The charity has applied the provisions of Section 11 'Basic Financial Instruments' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the charity's balance sheet when the charity 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.

1.12 Taxation

The Company is a registered charity and as such its income and gains falling within Sections 371 to 489 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992 are exempt from corporation tax to the extent that they are applied to its charitable objectives.

1.13 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

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

Termination benefits are recognised immediately as an expense when the charity is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.14 Retirement benefits

For defined contribution schemes the amount charged to net income or expenditure is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

1.15 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease.

CANTERBURY OAST TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

1 Accounting policies (Continued)

1.16 Consolidation

The Trust is exempt from the requirements to prepare group accounts by virtue of section 402 of the Companies Act 2006. These financial statements therefore present information about the company as an individual undertaking and not about its group. Charities SORP allows a subsidiary to be excluded from consolidation if its results are not material to the group. In the opinion of the Trustees the turnover and net assets of COT Trading Limited are not material in the context of these accounts and therefore consolidated accounts have not been prepared, details of this subsidiary are given in note 15.

2 Critical accounting estimates and judgements

In the application of the charity's accounting policies, the Trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

Consolidation

As detailed in 1.16 the Trustees consider the results of the subsidiary to be immaterial to the group and as such they have not prepared consolidated accounts.

Key sources of estimation uncertainty

Allocation of support costs

As detailed in 1.5 support costs are allocated between charitable activities and governance costs (central administration) based on actual or estimated time employed by staff in these functions.

CANTERBURY OAST TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

3 Donations and legacies

	Unrestricted funds £	Restricted funds £	Total 2018 £	Total 2017 £
Donations and gifts (see below)	246,558	281,644	528,202	382,583
Legacies receivable	1,379,609	-	1,379,609	152,000
COT Trading Limited	31,139	-	31,139	25,359
	<u>1,657,306</u>	<u>281,644</u>	<u>1,938,950</u>	<u>559,942</u>
For the year ended 31 March 2017	<u>383,712</u>	<u>176,230</u>		<u>559,942</u>
Donations and gifts				
Grants	-	59,857	59,857	73,356
Individual gifts	224,293	85,132	309,425	267,888
Charitable foundations	8,842	134,800	143,642	38,358
Corporate donors	13,423	1,855	15,278	2,981
	<u>246,558</u>	<u>281,644</u>	<u>528,202</u>	<u>382,583</u>

4 Charitable activities

	Care and life skills £	Social enterprise groups £	Total 2018 £	Unrestricted Total 2017 £
Income by charitable activities	4,562,150	1,058,708	5,620,858	5,508,629

Social enterprise groups comprise the Rare Breeds Centre farm, restaurant and marketing sectors.

5 Other trading activities

	2018 £	2017 £
Fundraising events	-	813

CANTERBURY OAST TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

6 Investments

	Unrestricted funds	Restricted funds	Total 2018	Total 2017
	£	£	£	£
Interest receivable	2,217	120	2,337	6,765
For the year ended 31 March 2017	5,951	814		6,765

7 Raising funds

	Unrestricted	
	Total 2018	Total 2017
	£	£
Fundraising and publicity		
Advertising	11,098	13,571
Staff costs	42,363	36,422
Depreciation and impairment	433	433
	53,894	50,426

CANTERBURY OAST TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

8 Charitable activities

	Care and life skills	Social enterprise groups	Total 2018	Total 2017
	£	£	£	£
Staff costs	3,019,799	530,940	3,550,739	3,521,671
Depreciation and impairment	133,122	46,777	179,899	169,995
Purchases	252,390	286,091	538,481	541,790
Utility and telephone costs	150,828	31,993	182,821	166,441
Vehicle costs	77,275	13,901	91,176	98,884
Insurance	68,261	17,618	85,879	76,124
Repairs and maintenance	140,976	189,525	330,501	260,290
Advertising	-	49,223	49,223	46,088
Miscellaneous	8,696	13,383	22,079	19,559
Loss / (profit) on sale of fixed assets	284	93	377	(203)
Postage and stationery	9,231	5,327	14,558	13,983
	<u>3,860,862</u>	<u>1,184,871</u>	<u>5,045,733</u>	<u>4,914,622</u>
Share of support costs (see note 9)	825,833	110,783	936,616	867,672
Share of governance costs (see note 9)	55,339	7,423	62,762	59,214
	<u>4,742,034</u>	<u>1,303,077</u>	<u>6,045,111</u>	<u>5,841,508</u>
Analysis by fund				
Unrestricted funds	4,731,838	1,178,371	5,910,209	
Restricted funds	10,196	124,706	134,902	
	<u>4,742,034</u>	<u>1,303,077</u>	<u>6,045,111</u>	
For the year ended 31 March 2017				
Unrestricted funds	4,666,425	1,051,652		5,718,077
Restricted funds	69,566	53,865		123,431
	<u>4,735,991</u>	<u>1,105,517</u>		<u>5,841,508</u>

CANTERBURY OAST TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

9 Support costs	Support costs	Governance costs	2018	2017
	£	£	£	£
Staff costs	716,530	53,932	770,462	718,578
Depreciation	9,887	-	9,887	1,925
Other costs	114,074	-	114,074	112,292
Professional	33,969	4,152	38,121	31,664
Telephone	12,342	929	13,271	14,347
Postage and stationery	30,482	2,294	32,776	29,220
Bank charges	19,332	1,455	20,787	18,860
	<u>936,616</u>	<u>62,762</u>	<u>999,378</u>	<u>926,886</u>

All support and governance costs are attributable to charitable activities.

The governance costs have been allocated in proportion to the direct costs incurred in respect of each activity.

10 Other expenditure	Unrestricted	
	Total	Total
	2018	2017
	£	£
Bank interest paid	9,799	11,219
	<u>9,799</u>	<u>11,219</u>
11 Net movement in funds	2018	2017
	£	£
Net movement in funds is stated after charging/(crediting)		
Fees payable to the company's auditor for the audit of the company's financial statements	10,000	9,000
Fees payable to the company's auditor for non-audit services	3,000	2,150
Depreciation of owned tangible fixed assets	186,042	175,142
Loss/(profit) on disposal of tangible fixed assets	4,554	(2,999)
Operating lease charges	1,248	1,248
	<u>195,844</u>	<u>186,541</u>

CANTERBURY OAST TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

12 Employees

Number of employees

The average monthly number employees during the year was:

	2018 Number	2017 Number
Support and resident services	171	179
Administration	14	14
Commercial, marketing and appeals	50	48
	<u>235</u>	<u>241</u>

Employment costs

	2018 £	2017 £
Wages and salaries	3,765,058	3,741,850
Social security costs	289,788	261,711
Other pension costs	76,328	48,925
	<u>4,131,174</u>	<u>4,052,486</u>

The number of employees whose annual remuneration, excluding employee pension, was £60,000 or more were:

	2018 Number	2017 Number
£60,001 - £70,000	<u>1</u>	<u>1</u>

The Trust considers the Board of Trustees and the Chief Executive as their key management personnel. The total employment benefits including employer contribution of the key management personnel was £75,876 (2017 - £73,215).

The charity operates a defined contribution pension scheme for all qualifying employees in the United Kingdom. The assets of the scheme are held separately from those of the charity in an independently administered fund. The contributions payable by the charity and charged to the statement of income and retained earnings in the year amounted to £44,526 (2017: £48,925). The remaining £31,802 of pension costs in the accounts relate to an old defined benefit scheme, detailed in note 29.

13 Trustees

None of the trustees (or any persons connected with them) received any remuneration or benefits from the charity during the year (2017: nil).

During the year 5 (2017: 6) trustees received reimbursement of travel expenses amounting to £1,777 (2017: £3,447).

CANTERBURY OAST TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

14 Tangible fixed assets

	Freehold buildings	Assets under construction	Fixtures and fittings	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 April 2017	4,370,271	-	641,096	247,285	5,258,652
Additions	386,599	121,814	114,142	32,619	655,174
Disposals	(12,809)	-	(42,790)	(28,124)	(83,723)
At 31 March 2018	4,744,061	121,814	712,448	251,780	5,830,103
Depreciation and impairment					
At 1 April 2017	1,301,401	-	497,832	169,404	1,968,637
Depreciation charged in the year	95,393	-	51,272	39,377	186,042
Eliminated in respect of disposals	(4,270)	-	(41,242)	(23,171)	(68,683)
At 31 March 2018	1,392,524	-	507,862	185,610	2,085,996
Carrying amount					
At 31 March 2018	3,351,537	121,814	204,586	66,170	3,744,107
At 31 March 2017	3,068,870	-	143,264	77,881	3,290,015

Included in land and buildings is freehold land at cost of £100,000 (2017: £100,000) which is not depreciated.

Land and buildings pre-dating 1993 are carried at the lower of cost and open market value based on a professional valuation obtained on 13 July 1993 by Edward Symons, Chartered Surveyors. Subsequent additions are valued at cost. Freehold property primarily consists of properties from which the charitable activities of the Trust are undertaken, some of these properties are especially adapted for providing care services or are unusual in nature (Rare Breeds Centre) and the market value of these properties is not readily available. The insurance cost of rebuilding all the properties is estimated at £14m (2017: £13.51m). In the opinion of the Trustees the market value of the freehold property stated in these accounts is in excess of book value but much less than the insurance rebuild cost.

CANTERBURY OAST TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

15 Fixed asset investments

	Unlisted investments £	Other investments £	Total £
Cost or valuation			
At 31 March 2018	874,634	28,100	902,734
Valuation changes	50,145	-	50,145
At 31 March 2018	<u>924,779</u>	<u>28,100</u>	<u>952,879</u>
Carrying amount			
At 31 March 2018	<u>924,779</u>	<u>28,100</u>	<u>952,879</u>
At 31 March 2017	<u>874,634</u>	<u>28,100</u>	<u>902,734</u>

Other investments comprise:	2018 £	2017 £
Investments in subsidiaries	100	100
Loans to subsidiaries	27,000	28,000
	<u>27,100</u>	<u>28,100</u>

The charity holds 100 shares of £1 each in its wholly owned trading subsidiary company COT Trading Limited which is incorporated in the United Kingdom. The registered office of COT Trading Limited is Highlands Farm, Woodchurch, Ashford, Kent, TN26 3RJ. These shares are the only shares allotted, called up and fully paid. The activities comprise running the retail operations of the Rare Breed Centre. The results are not consolidated per accounting policy 1.16.

16 Stocks	2018 £	2017 £
Goods for resale	81,591	86,788
	<u>81,591</u>	<u>86,788</u>

17 Debtors	2018 £	2017 £
Amounts falling due within one year:		
Trade debtors	272,854	231,845
Amounts due from fellow group undertakings	31,317	25,359
Other debtors	1,539,424	155,710
Prepayments and accrued income	153,713	120,340
	<u>1,997,308</u>	<u>533,254</u>

CANTERBURY OAST TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

18 Creditors: amounts falling due within one year

	Notes	2018 £	2017 £
Bank loans	21	59,014	59,014
Trade creditors		110,983	73,085
Other taxation and social security		64,667	77,004
Other creditors		49,720	27,349
Accruals and deferred income		245,893	283,461
		<u>530,277</u>	<u>519,913</u>

19 Deferred income

Deferred income is included in the financial statements as follows:

	2018 £	2017 £
Deferred income at 1 April	41,493	39,400
Income received requiring deferment	44,672	41,493
Release of income during the year	(41,493)	(39,400)
	<u>44,672</u>	<u>41,493</u>

Deferred income represents membership and ticket sales income received for forthcoming events.

20 Creditors: amounts falling due after more than one year

	Notes	2018 £	2017 £
Bank loans	21	404,900	459,492

21 Borrowings

	2018 £	2017 £
Bank loans	463,914	518,506
Payable within one year	59,014	59,014
Payable after one year	404,900	459,492

Amounts included above which fall due after five years:

Payable by instalments	171,073	223,434
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CANTERBURY OAST TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

21 Borrowings (Continued)

The bank loans are repayable in equal instalments and are scheduled to be repaid within 2 to 16 years of the balance sheet date. The loans are subject to an interest rate of 1.75% to 2% over base rate.

The National Westminster Bank plc. holds a fixed and floating charge dated 4 June 1993 over all the company's assets, together with legal mortgages over the Trusts freehold properties known as Homelands, Watchbell House, Highlands Farm, Harrington Cottage, Mariners and Tearooms, 1, 2 & 3 Warren Mews and 14 Ellis Drive.

The National Westminster Bank plc. holds a fixed charge dated 31 March 2014 over the charity's freehold property known as Old School House.

The National Westminster Bank plc. holds a fixed charge dated 1 February 2010 over the charity's freehold property known as Beaverlodge.

The National Westminster Bank plc. holds a fixed and floating charge held over assets other than land.

22 Financial instruments	2018	2017
	£	£
Carrying amount of financial assets		
Debt instruments measured at amortised cost	1,843,595	412,914
Instruments measured at fair value through profit or loss	924,779	902,734
	<u> </u>	<u> </u>
Carrying amount of financial liabilities		
Measured at amortised cost	825,838	860,908
	<u> </u>	<u> </u>

23 Analysis of net assets between funds

	Unrestricted funds	Restricted funds	Total
	£	£	£
Fund balances at 31 March 2018 are represented by:			
Tangible assets	2,997,358	746,749	3,744,107
Investments	951,879	-	951,879
Current assets/(liabilities)	2,774,241	331,613	3,105,854
Long term liabilities	(404,900)	-	(404,900)
	<u>6,318,578</u>	<u>1,078,362</u>	<u>7,396,940</u>

CANTERBURY OAST TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

24 Restricted funds

Movement on restricted funds is as follows:

	Movement in funds				Balance at 31 March 2018 £
	Balance at 1 April 2017 £	Incoming resources £	Resources expended £	Transfers £	
Aldington	108,651	159,573	(1,588)	-	266,636
Catering	15,201	3,358	(9,177)	(2,490)	6,892
Craft room	623	23,172	(2,326)	(13,278)	8,191
Farm	100,589	8,736	(834)	(90,472)	18,019
Friends of COT	14,706	15,553	(9,587)	-	20,672
Fundraising	10,955	120	-	-	11,075
Horticulture	7,495	934	(2,450)	-	5,979
Life skills	7,527	13,115	(484)	-	20,158
Poulton Wood	8,825	6,364	(3,791)	(7,146)	4,252
Rye	13,786	8,095	(14,768)	-	7,113
Salaries	16,685	26,788	(18,429)	-	25,044
Woodchurch	32,826	8,278	(10,309)	(1,350)	29,445
Other restricted funds	31,201	7,678	(8,929)	-	29,950
Restricted funds - fixed assets	562,430	-	(52,230)	114,736	624,936
	<u>931,500</u>	<u>281,764</u>	<u>(134,902)</u>	<u>-</u>	<u>1,078,362</u>

Fixed assets purchased with from restricted income are transferred from the fund they are purchased for to a general restricted fixed assets fund.

Aldington	For the benefit of residents at Aldington and Beaver Lodge, Ashford
Catering	For the provision of catering equipment
Craft room	To provide for craft equipment, materials and craft room maintenance
Farm	For the provision of farm equipment and its up keep
Friends of COT	To provide residents amenities and residents holidays
Fundraising	For general fundraising purposes
Horticulture	For the provision of horticultural equipment and its upkeep
Life skills	To assist with the provision of training and occupation
Poulton Wood	For the development of woodland conservation initiatives at Poulton Wood
Rye	For the benefit of the residents at Rye
Salaries	For the payment of specific salaries and associated staff costs
Woodchurch	For the benefit of the residents at Woodchurch
Other restricted funds	Miscellaneous small funds, use of which is restricted to specific objects
Access to work	Grant received from Government Access to Work scheme for staff wheelchair

The net book value of assets purchased with restricted funds represents the historic cost less depreciation to date of fixed assets purchased from restricted funds. Expenditure comprises depreciation less the cost of assets purchased.

CANTERBURY OAST TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

25 Designated funds

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

	Movement in funds				Balance at 31 March 2018 £
	Balance at 1 April 2017 £	Incoming resources £	Resources expended £	Transfers £	
General development fund	500,000	-	-	(260,000)	240,000
Farm improvement fund	42,000	-	-	(42,000)	-
	<u>542,000</u>	<u>-</u>	<u>-</u>	<u>(302,000)</u>	<u>240,000</u>

The Trustees have set aside funds totalling £240,000 from the unrestricted general fund into a designated fund called the "General development fund". It is intended that these funds will be used for the further development and expansion of services for adults with learning disabilities.

The Trustees had previously set aside the sum of £42,000 which was the expected cost for enhancing the facilities at the Rare Breeds Centre. On review it was decided this reserve was no longer required and therefore has been transferred back to the general fund in the year.

26 Operating lease commitments

Operating lease payments represent rental payables by the company for certain equipment. Leases are negotiated for an average term of 5 years.

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

	2018 £	2017 £
Within one year	1,248	1,248
Between two and five years	2,495	3,743
	<u>3,743</u>	<u>4,991</u>

27 Capital commitments

At 31 March 2018 the charity had capital commitments as follows:

Contracted for but not provided in the financial statements:

Acquisition of property, plant and equipment

	2018 £	2017 £
	341,601	-
	<u>341,601</u>	<u>-</u>

CANTERBURY OAST TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

28 Related party transactions

The following transactions took place between the charity and its subsidiary COT Trading Limited:

	2018 £	2017 £
Management charge	5,913	4,888
Interest charged on loan	980	1,016
Gift of profit to charity	31,139	25,359

There are no other trading activities between the entities during the year. At the year end £31,317 (2017: £25,359) was owed from COT Trading Limited and is included in note 17.

COT Trading Limited (incorporated in England and Wales) is a wholly owned trading subsidiary which gifts all its profits to the Trust by way of Gift Aid. COT Trading Limited operates the shop at the Rare Breeds Centre and the Falcon Conference Centre and all other significant commercial trading operations carried on by the Trust.

For the year ended 31 March 2018 COT Trading Limited had a turnover of £179,274 (2017: £166,254) and made a net profit of £31,139 (2017: £25,359) and made a distribution of £31,139 (2017: £25,359). The net assets of COT Trading Limited as at 31 March 2018 were £100 (2017: £100). The company has an unsecured loan of £28,000 (2017: £28,000), repayable within 10 years, from the Trust to provide it with working capital. Interest is charged on the loan at the rate of 3.5% (2017: 3.5%) per annum.

29 Cash generated from operations	2018 £	2017 £
Surplus for the year	1,503,486	310,381
Adjustments for:		
Investment income recognised in income & expenditure	(2,337)	(6,765)
Interest payable	9,799	11,219
Loss/(gain) on disposal of tangible fixed assets	4,554	(2,999)
Gain on disposal of investments	(50,145)	(137,385)
Depreciation and impairment of tangible fixed assets	186,042	175,142
Movements in working capital:		
Decrease/(increase) in stocks	5,197	(3,306)
Increase in debtors	(1,464,054)	(2,361)
Increase in creditors	10,364	86,829
Cash generated from operations	202,906	430,755

CANTERBURY OAST TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

30 Pension obligations

From 2017 Canterbury Oast Trust ("COT") no longer allowed employees to join to the Pensions Trust Growth Plan Series 3; a defined benefit pension arrangement. There remained a number of employees and past employees who retained accrued benefits in this Plan.

Under Section 75 of the Pensions Act 1995, COT is potentially liable to make a payment to the Pensions Trust in respect of the funding shortfall that currently exists.

Because the amount of the shortfall is re-calculated from time to time and could increase substantially in the future, the Trustees (of COT) decided to make a payment now to remove the liability.

As a consequence, a payment of £31,802 was paid to the Pensions Trust on 8 February 2018.

The Pensions Trust have acknowledged receipt of the above and confirmed that no liability now exists in respect of Section 75 of the Pensions Act 1995.

To comply with current legislation COT supports employees' ability to invest in the (defined contribution) arrangements offered by The Peoples' Pension.

The Trustee Board (of COT) does not give employees financial advice but does monitor the performance of the funds offered by The Peoples' Pension.