

Gentoo Art of Living

Financial statements for the year ended 31 March 2017

Registered number: 31960R

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Report of the Board for the year ended 31 March 2017

The Board presents its report and the audited financial statements of Gentoo Art of Living for the year ended 31 March 2017.

Board members

The members who held office during the year were as follows:

Louise Bassett	(appointed 22 June 2016)
Stephen Lanaghan	(resigned 3 February 2017)
Ian Self	
Julie Shipley	(resigned 22 June 2016)
Simon Walker	(appointed 1 October 2016)

Principal activities

The Society's principal activities during the year were providing a range of support services and housing options to help vulnerable people live well in our communities. The Society works with vulnerable older people, those who have mobility problems and other disabilities, young people aged 16 to 25 who are leaving care or are at risk of homelessness and those customers who have low level mental health problems and / or alcohol and drug misuse issues. In addition, it provided a support service for those customers who are victims of crime, many of whom are victims of domestic abuse.

Society status

Gentoo Art of Living is a Registered Society under the Co-operative and Community Benefit Societies Act 2014 and is a subsidiary of Gentoo Group Limited.

Results for the year

The results for the year are set out on page 7. Other non-operating income comprises amounts derived from a donation from a subsidiary within the Gentoo Group.

Political contributions

The Society made no political donations and incurred no political expenditure during the year.

Disclosure of information to auditor

The board members who held office at the date of approval of this Board Report confirm that, so far as they are each aware, there is no relevant audit information of which the Society's auditor is unaware; and each board member has taken all the steps that they ought to have taken as a board member to make themselves aware of any relevant audit information and to establish that the Society's auditor is aware of that information.

Auditor

In accordance with section 83 of the Co-operative and Community Benefit Society Act 2014, a resolution for the appointment of an auditor of the Society is to be proposed at the forthcoming Annual General Meeting.

By order of the board:



Louise Bassett
Board Member
18 July 2017

Ian Self
Board Member
18 July 2017

Simon Walker
Secretary
18 July 2017

Emperor House
2 Emperor Way
Doxford International Business Park
Sunderland
SR3 3XR

Statement of Board's responsibilities in respect of the Board Report and the Financial Statements

The Board is responsible for preparing the Board Report and the Society's Financial Statements in accordance with applicable law and regulations.

Co-operative and Community Benefit Society law requires the Board to prepare financial statements for each financial year. Under that law the Board has elected to prepare the financial statements in accordance with UK Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

The financial statements are required by law to give a true and fair view of the state of affairs of the Society and of the income and expenditure the Society for that period.

In preparing the Society's financial statements, the Board is required to:

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

The Board is responsible for keeping proper books of account that disclose with reasonable accuracy at any time the financial position of the Society and enable them to ensure that its financial statements comply with the Co-operative and Community Benefit Societies Act 2014. The Board has general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Society and to prevent and detect fraud and other irregularities.

The Board is responsible for the maintenance and integrity of the corporate and financial information included on the Gentoo Group's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



KPMG LLP
Quayside House
110 Quayside
Newcastle upon Tyne
NE1 3DX

Independent auditor's report to Gentoo Art of Living

We have audited the financial statements of Gentoo Art of Living for the year ended 31 March 2017 set out on pages 7 to 16. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

This report is made solely to the Society in accordance with section 87 of the Co-operative and Community Benefit Societies Act 2014 and, in respect of the reporting on corporate governance, on terms that have been agreed. Our audit work has been undertaken so that we might state to the Society those matters we are required to state to it in an auditor's report and, in respect of the reporting on corporate governance, those matters we have agreed to state to it in our 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 Society for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Board and auditor

As more fully explained in the Statement of Board's Responsibilities set out on page 4 the Society's Board is responsible for the preparation of financial statements which give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the Society's affairs as at 31 March 2017 and of the income and expenditure of the Society for the year then ended; and
- comply with the requirements of the Co-operative and Community Benefit Societies Act 2014.

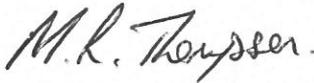
Independent auditor's report to Gentoo Art of Living (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following.

Under the Co-operative and Community Benefit Societies Act 2014 we are required to report to you if, in our opinion:

- the Society has not kept proper books of account; or
- the Society has not maintained a satisfactory system of control over its transactions; or
- the financial statements are not in agreement with the Society's books of account; or
- we have not received all the information and explanations we need for our audit.



Mick Thompson
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Quayside House
110 Quayside
Newcastle upon Tyne
NE1 3DX

24 July 2017

Statement of comprehensive income
for the year ended 31 March 2017

	Note	2017 £'000	2016 £'000
Turnover	2	902	-
Administrative expenses		(2,553)	-
Operating (deficit) / surplus		(1,651)	-
Other non-operating income	3	-	6,500
Interest receivable and similar income	7	570	708
(Deficit) / surplus before taxation		(1,081)	7,208
Taxation on (deficit) / surplus	8	-	-
(Deficit) / surplus for the financial year		(1,081)	7,208
Other comprehensive income		-	-
Total comprehensive income for the year		(1,081)	7,208

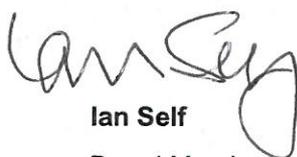
The notes on pages 10 to 16 form part of the financial statements.



Louise Bassett

Board Member

18 July 2017



Ian Self

Board Member

18 July 2017



Simon Walker

Secretary

18 July 2017

Statement of financial position
at 31 March 2017

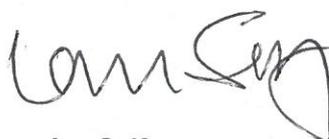
	Note	2017	2016
		£'000	£'000
Current assets			
Debtors	9	56,016	57,200
Cash at bank and in hand		2,188	1,541
Total assets less current liabilities		<u>58,204</u>	<u>58,741</u>
Creditors: amounts falling after more than one year	10	(544)	-
Net assets		<u>57,660</u>	<u>58,741</u>
 Capital and reserve			
Revenue reserve		<u>57,660</u>	<u>58,741</u>
		<u>57,660</u>	<u>58,741</u>

The notes on pages 10 to 16 form part of the financial statements.

These financial statements were approved by the Board on 18 July 2017 and were signed on its behalf by:



Louise Bassett
Board Member



Ian Self
Board Member



Simon Walker
Secretary

Registered number: 31960R

Statement of changes in reserves

	Revenue reserve £'000
Balance at 1 April 2015	51,533
Total comprehensive income for the year	
Surplus	7,208
Balance at 31 March 2016	58,741
Balance at 1 April 2016	58,741
Total comprehensive income for the year	
Deficit	(1,081)
Balance at 31 March 2017	57,660

Notes to the financial statements

For the year ended 31 March 2017

1. Accounting policies

Legal status

Gentoo Art of Living (the "Society") is a Registered Society under the Co-operative and Community Benefit Societies Act 2014 and domiciled in the UK. The Society also has charitable status with HM Revenue & Customs, reference number XT39442.

Basis of accounting

These financial statements have been prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102")* as issued in August 2014. The amendments to FRS 102 issued in July 2015 and effective immediately have been applied. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The Society's parent undertaking, Gentoo Group Limited includes the Society in its consolidated financial statements. The consolidated financial statements of Gentoo Group Limited are available to the public and may be obtained from Emperor House, 2 Emperor Way, Doxford International Business Park, Sunderland, SR3 3XR. In these financial statements, the Society is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosure:

- Cash Flow Statement and related notes.

The Society proposes to continue to adopt the reduced disclosure framework of FRS 102 in its next financial statements.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

1.1. Measurement convention

The financial statements are prepared on the historical cost basis.

1.2. Going concern

The Society's business activities are set out in the Board Report on page 3. The Society has net assets of £57,660k and has sufficient cash of £2,188k, to meet its day to day working capital requirements.

After making enquiries, the Board has a reasonable expectation that the Society will have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to prepare the financial statements on a going concern basis.

1.3. Classification of financial instruments issued by the Society

In accordance with FRS 102.22, financial instruments issued by the Society are treated as equity only to the extent that they meet the following two conditions:

- (a) they include no contractual obligations upon the society to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the society; and
- (b) where the instrument will or may be settled in the society's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the society's own equity instruments or is a derivative that will be settled by the society's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

Notes to the financial statements (continued)

For the year ended 31 March 2017

1. Accounting policies (continued)

1.3. Classification of financial instruments issued by the Society (continued)

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Society's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

1.4. Basic financial instruments

Trade and other debtors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances.

1.5. Government grants

Government grants are included within accruals and deferred income in the balance sheet and credited to the profit and loss account over the expected useful lives of the assets to which they relate or in periods in which the related costs are incurred.

1.6. Impairment excluding stock and deferred tax assets

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through surplus or deficit is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment, impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Society would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in surplus or deficit. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through surplus or deficit.

An impairment loss is reversed if and only if the reasons for the impairment have ceased to apply.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Notes to the financial statements (continued)

For the year ended 31 March 2017

1. Accounting policies (continued)

1.7. Turnover

Turnover is recognised when it is receivable or when conditions associated with the income have been met. It comprises of income from other services included at the invoiced value (excluding value added tax) of services supplied in the year.

1.8. Other non-operating income

Other non-operating income represents amounts derived from a donation payment from a subsidiary within the Gentoo Group.

1.9. Expenses

Interest receivable and interest payable

Other interest receivable and similar income includes interest receivable from a subsidiary within the Gentoo Group.

Other interest receivable and similar income include interest receivable on the loan to the parent company.

Interest income and interest payable are recognised as a surplus or deficit as they accrue, using the effective interest method.

1.10. Taxation

Tax on the surplus or deficit for the year comprises current and deferred tax. Tax is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the statement of financial position date, and any adjustment to tax payable in respect of previous years.

2. Turnover

	2017	2016
	£'000	£'000
Rendering of services	57	-
Grant income	845	-
	902	-

3. Other non-operating income

Other non-operating income, all of which arises in the UK, represents amounts derived from a donation payment from a subsidiary within the Gentoo Group.

Notes to the financial statements (continued)

For the year ended 31 March 2017

4. Expenses and auditor's remuneration

The auditor's remuneration of £2k (2016: £2k) is borne by Gentoo Group Limited.

5. Staff numbers and costs

The average number of persons employed by the Society (including directors) during the year, analysed by category, were as follows:

	2017	2016
	No.	No.
Managing housing services	63	-

The aggregate payroll costs of these persons were as follows:

	2017	2016
	£'000	£'000
Wages and salaries	1,378	-
Social security costs	122	-
Contributions to group wide defined benefit plan	227	-
Redundancy costs	629	-
	2,356	-

6. Directors' remuneration

The Board members did not receive any remuneration, as they are remunerated via Gentoo Group Limited, the parent company.

7. Other interest receivable and similar income

	2017	2016
	£'000	£'000
Interest receivable from group undertakings	570	708

Notes to the financial statements (continued)

For the year ended 31 March 2017

8. Taxation

Total tax expense recognised in the statement of comprehensive income

	2017	2016
	£'000	£'000
<i>UK corporation tax</i>		
Current tax on surplus for the period	-	-
Total current tax	-	-
Tax on surplus / (deficit) on ordinary activities	-	-

Gentoo Art Of Living is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the charity is exempt from taxation in respect of income or capital gains received within the categories covered by Chapter 3 Part 11 Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Reconciliation of effective tax rate

	2017	2016
	£'000	£'000
(Deficit) / surplus for the financial year	(1,081)	7,208
Total tax expense	-	-
(Deficit) / surplus excluding taxation	(1,081)	7,208
Tax using the UK corporation tax rate of 20% (2016: 20%)	(216)	1,441
Charitable tax exemptions	216	(1,441)
Total tax expense included in deficit or surplus	-	-

A reduction in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) was substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the Society's future current tax charge accordingly.

Notes to the financial statements (continued)

For the year ended 31 March 2017

9. Debtors

	2017	2016
	£'000	£'000
Amounts owed by group undertakings	55,942	57,200
Prepayments and accrued income	74	-
	<u>56,016</u>	<u>57,200</u>

	2017	2016
	£'000	£'000
Due within one year	74	-
Due after more than one year	55,942	57,200
	<u>56,016</u>	<u>57,200</u>

Debtors include amounts owed by group undertakings of £55,942k (2016: £57,200) due after more than one year.

10. Creditors: amounts falling due within one year

	2017	2016
	£'000	£'000
Accruals and deferred income	544	-
	<u>544</u>	<u>-</u>

11. Other financial commitments

Non-cancellable operating lease rentals are payable as follows:

	2017	2016
	Other	Other
	£'000	£'000
Less than one year	3	-
Between one and five years	4	-
More than five years	-	-
	<u>7</u>	<u>-</u>

During the year £3k was recognised as an expense in the statement of comprehensive income in respect of operating leases (2016: £nil).

Notes to the financial statements (continued)

For the year ended 31 March 2017

12. Related parties

Identity of related parties with which the Society has transacted

The Society is a wholly owned subsidiary of Gentoo Group Limited.

	Debtors outstanding 2017 £'000	Debtors outstanding 2016 £'000
Gentoo Group Limited	<u>55,942</u>	<u>57,200</u>

13. Ultimate parent undertaking

The Society is a subsidiary undertaking of Gentoo Group Limited which is the ultimate controlling party. This is the only group in which the results of the Society are consolidated. The consolidated financial statements of Gentoo Group Limited are available to the public and may be obtained from the Company Secretary, Gentoo Group Limited, Emperor House, 2 Emperor Way, Doxford International Business Park, Sunderland, SR3 3XR.