

**Gentoo Art of Living**

**Financial statements for the year ended 31 March 2018**

**Registered number: 31960R**

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## Report of the Board for the year ended 31 March 2018

The Board presents its report and the audited financial statements of Gentoo Art of Living for the year ended 31 March 2018.

### Board members

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

Louise Bassett	
Ian Self	(resigned 27 September 2017)
Simon Walker	
Nigel Tooby	(appointed 18 July 2017)
Brian Spears	(appointed 28 March 2018)

### 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.

### 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

Pursuant to Section 487 of the companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

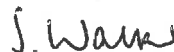
By order of the board:



Louise Bassett  
Board Member  
18 July 2018



Brian Spears  
Board Member  
18 July 2018



Simon Walker  
Secretary  
18 July 2018

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

## **Statement of directors' responsibilities in respect of the Financial Statements**

The directors are responsible for preparing the Report of the Board and the Society financial statements in accordance with applicable law and regulations.

Co-operative and Community Benefit Society law requires the directors to prepare financial statements for each financial year. Under that law the directors have 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 financial statements, the directors are 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
- assess the Society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Society or to cease operations, or have no realistic alternative but to do so.

The directors are 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. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have 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 directors are responsible for the maintenance and integrity of the corporate and financial information included on the Society'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**

### **Opinion**

We have audited the financial statements of Gentoo Art of Living for the year ended 31 March 2018 which comprise the Statement of Comprehensive Income, Statement of Financial Position and Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view, in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*, of the state of the Society's affairs as at 31 March 2018 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.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Society in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### **Going concern**

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

### **Other information**

The directors are responsible for the other information, which comprises the Report of the Board. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work, we have not identified material misstatements in the other information.

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

### **Matters on which we are required to report by exception**

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.

We have nothing to report in these respects.

### **Board Members' responsibilities**

As more fully explained in their statement set out on page 4 the Society's members are responsible for the preparation of financial statements which give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Society'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 they either intend to liquidate the Society or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities**

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

### **The purpose of our audit work and to whom we owe our responsibilities**

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.



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

19 July 2018

**Statement of comprehensive income**  
for the year ended 31 March 2018

	Note	2018 £'000	2017 £'000
Turnover	2	376	902
Administrative expenses		(1,496)	(2,553)
<b>Operating deficit</b>		<b>(1,120)</b>	<b>(1,651)</b>
Interest receivable and similar income	6	400	570
<b>Deficit before taxation</b>		<b>(720)</b>	<b>(1,081)</b>
Taxation on deficit	7	-	-
<b>Deficit for the financial year</b>		<b>(720)</b>	<b>(1,081)</b>
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<b>(720)</b>	<b>(1,081)</b>


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



Louise Bassett  
Board Member  
18 July 2018



Brian Spears  
Board Member  
18 July 2018



Simon Walker  
Secretary  
18 July 2018

**Statement of financial position**  
at 31 March 2018

	Note	2018 £'000	2017 £'000
<b>Current assets</b>			
Debtors	8	54,335	56,016
Cash at bank and in hand		2,656	2,188
		<u>56,991</u>	<u>58,204</u>
<b>Creditors: amounts falling due within one year</b>	9	<b>(51)</b>	<b>(544)</b>
<b>Net assets</b>		<u><b>56,940</b></u>	<u><b>57,660</b></u>
<b>Capital and reserve</b>			
Revenue reserve		<u>56,940</u>	<u>57,660</u>
		<u><b>56,940</b></u>	<u><b>57,660</b></u>

These financial statements were approved by the Board on 18 July 2018 and were signed on its behalf by:



Louise Bassett  
Board Member  
18 July 2018



Brian Spears  
Board Member  
18 July 2018



Simon Walker  
Secretary  
18 July 2018

Registered number: 31960R



**Statement of changes in equity**

	<b>Revenue reserve £'000</b>
Balance at 1 April 2016	58,741
<b>Total comprehensive income for the year</b>	
Deficit	(1,081)
<b>Balance at 31 March 2017</b>	<u><b>57,660</b></u>
Balance at 1 April 2017	57,660
<b>Total comprehensive income for the year</b>	
Deficit	(720)
<b>Balance at 31 March 2018</b>	<u><b>56,940</b></u>

## Notes to the financial statements

For the year ended 31 March 2018

### 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 and the registered address is Emperor House, 2 Emperor Way, Doxford International Business Park Sunderland, SR3 3XR

#### **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")*. 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 the Company Secretary, 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 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 £56,940k and has sufficient cash of £2,656k, 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 2018

**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.

**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 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 2018

**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 rental and service charge income from tenants and grant income.

**1.8. Expenses**

*Interest receivable*

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

**1.9. 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**

	<b>2018</b>	2017
	<b>£'000</b>	£'000
Rent and service charge	<b>123</b>	57
Grant income	<b>253</b>	845
	<b>376</b>	902

All turnover arises in the UK.

**3. Expenses and auditor's remuneration**

The auditor's remuneration of £2k (2017: £2k) is borne by Gentoo Group Limited.

**Notes to the financial statements (continued)**  
For the year ended 31 March 2018

**4. Staff numbers and costs**

The average number of persons employed by the Group and remunerated via a recharge to the Society (including directors) during the year, analysed by category, were as follows:

	<b>2018</b>	2017
	<b>No.</b>	No.
Managing housing services	<b>43</b>	63

The aggregate payroll costs of these persons were as follows:

	<b>2018</b>	2017
	<b>£'000</b>	£'000
Wages and salaries	<b>1,055</b>	1,378
Social security costs	<b>97</b>	122
Contributions to group wide defined benefit plan	<b>247</b>	227
Redundancy costs	<b>25</b>	629
	<b>1,424</b>	2,356

**5. Directors' remuneration**

The Board members did not receive any remuneration in respect of their services to the Society in the current or prior year.

**6. Other interest receivable and similar income**

	<b>2018</b>	2017
	<b>£'000</b>	£'000
Interest receivable from group undertakings	<b>400</b>	570

**Notes to the financial statements (continued)**

For the year ended 31 March 2018

**7. Taxation**

**Total tax expense recognised in the statement of comprehensive income**

	<b>2018</b>	2017
	<b>£'000</b>	£'000
<i>Current tax</i>		
Current tax on deficit for the period	-	-
Total current tax	-	-
Tax on deficit	-	-

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**

	<b>2018</b>	2017
	<b>£'000</b>	£'000
Deficit for the financial year	<b>(720)</b>	(1,081)
Total tax expense	-	-
Deficit excluding taxation	<b>(720)</b>	(1,081)
Tax using the UK corporation tax rate of 19% (2017: 20%)	<b>(137)</b>	(216)
Charitable tax exemptions	<b>137</b>	216
<b>Total tax expense included in deficit</b>	<b>-</b>	-

A reduction in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) and to 18% (effective from 1 April 2020) was 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 company's future tax charge accordingly.

**Notes to the financial statements (continued)**  
For the year ended 31 March 2018

**8. Debtors**

	<b>2018</b>	2017
	<b>£'000</b>	£'000
Amounts owed by group undertakings	<b>54,335</b>	55,942
Prepayments and accrued income	-	74
	<b>54,335</b>	<b>56,016</b>

	<b>2018</b>	2017
	<b>£'000</b>	£'000
Due within one year	-	74
Due after more than one year	<b>54,335</b>	55,942
	<b>54,335</b>	<b>56,016</b>

Debtors include amounts owed by group undertakings of £54,335k (2017: £55,942k) due after more than one year.

**9. Creditors: amounts falling due within one year**

	<b>2018</b>	2017
	<b>£'000</b>	£'000
Accruals and deferred income	<b>51</b>	544

**10. Other financial commitments**

Non-cancellable operating lease rentals are payable as follows:

	<b>2018</b>	2017
	<b>Other</b>	Other
	<b>£'000</b>	£'000
Less than one year	-	3
Between one and five years	-	4
More than five years	-	-
	<b>-</b>	<b>7</b>

During the year £1k was recognised as an expense in the statement of comprehensive income in respect of operating leases (2017: £3k).

**Notes to the financial statements (continued)**

For the year ended 31 March 2018

**11. Related parties**

*Identity of related parties with which the Society has transacted*

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

	<b>Debtors outstanding 2018 £'000</b>	<b>Debtors outstanding 2017 £'000</b>
Gentoo Group Limited	<b>54,335</b>	<b>55,942</b>

**12. 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.