

Company Registration No. 2493904
Registered Charity No. 1010541

INNOVATE TRUST
(A Company Limited by Guarantee)
FORMERLY KNOWN AS
CARDIFF UNIVERSITIES SOCIAL SERVICES

REPORT AND FINANCIAL STATEMENTS
For the year ended 31st March 2002



INNOVATE TRUST

Contents	Page
Officers and Professional Advisers	1
Trustees' Report	2-5
Report of the Auditors	6-7
Statement of Financial Activities	8
Statutory Income and Expenditure Account	9
Balance Sheet	10
Notes to the Financial Statements	11 - 18

The following page does not form part of the Statutory Financial Statements

Detailed Overall Income and Expenditure Account	19
---	----

OFFICERS AND PROFESSIONAL ADVISERS

Company Registration No. 2493904

Registered Charity No. 1010541

Trustees: Alan Pursell (Chair)
Sarah Kemp
David Allan (Resigned April 2002)
David Thomas
David Davies
Jackie Amos (Appointed April 2002)
Norman Berg (Appointed July 2002)

Secretary: Alex Bird (Chief Executive)

Registered Office: 433 Cowbridge Road East
Canton
Cardiff
CF5 1JH

Auditors: BKR Haines Watts
Incorporating
Notley Pearson Shewring
Chartered Accountants
Registered Auditors
Pagefield House
24 Gold Tops
Newport
South Wales
NP20 4PG

Bankers: National Westminster Bank PLC
277 Cowbridge Road East
Canton
Cardiff
CF5 1YE

Solicitors: Morgan Cole
Bradley Court
Park Place
Cardiff
CF1 3DP

Peter Mallia & Co
196 Cowbridge Road East
Cardiff
CF5 1GX

TRUSTEES REPORT

Year ended 31st March 2002

The Trustees present their annual report on the affairs of Innovate Trust and the audited financial statements. The Charity is a company limited by guarantee, registration number 2493904 and is governed by its Memorandum and Articles of Association. It is also registered with the Charity Commission, number 1010541. The Trustees are also the Board of Management of the Charity.

Trustees:

Alan Pursell (Chair)
 Sarah Kemp
 David Allan (Resigned April 2002)
 David Thomas
 David Davies
 Jackie Amos (Appointed April 2002)
 Norman Berg (Appointed July 2002)

The Trustees are appointed at the annual general meeting.

Aims of the Organisation

- Providing for, or assisting with the care, accommodation, training, education, employment and occupation of disability or sickness, particularly learning disability, physical disability and mental illness.
- Promoting the development of facilities for independent living to facilitate greater inclusion of people with disabilities within their communities.
- Supporting those who care for people with disabilities.
- Educating the public in their needs.
- Developing high quality innovative services that reflect the core values of the organisation and meet the needs of service users.
- Developing and expanding volunteer opportunities for students, and others, promoting an understanding of the issues related to people with disabilities.
- Working in partnership with service users, their carers, other providers, purchasers and the wider community to promote models of good practice.
- Investing in staff development, training and support that enables the delivery of quality services and reflects their contribution to the achievement of the organisation's mission and aims.
- Offering a service which is responsive to and respects the race, religion, culture, language, gender, sexuality and abilities of service users and of staff.

TRUSTEES' REPORT (CONTINUED)

Year ended 31st March 2002

Main Activities of the Organisation

- QUEST supported employment. Supporting people to find quality employment.
- Community Living Developments. Supporting people in their homes.
- Field Days. Providing a range of work experiences and training.
- Student Volunteer Projects. Working with children, families and schools through student volunteers.
- Respite Services. Providing short stay and holiday services.
- Emergency Support Services. Supporting people who are in a crisis.
- Community Link. Supporting people to develop new interests and relationships with the help of volunteers.
- Central Support Services. Providing personnel, financial and administrative support to the organisation and to other organisations where agreed.
- Consultancy and Staff Development.

Change of Name

The organisation changed its name from Cardiff Universities Social Services to Innovate Trust on 24th January 2002.

Financial Review

The surplus for the year of £41,534 is considered satisfactory and has enabled a further £18,377 to be transferred to the Building Maintenance and Replacement of Equipment reserves this year.

TRUSTEES' REPORT (CONTINUED)

Year ended 31st March 2002

Financial Review (Continued)

The general funds of £149,448 at 31st March 2002 have previously been expended to purchase fixed assets for which the net book value funded from the Charity's own funds at 31st March 2002 is £258,769.

The trustees have carried out a full assessment of the risks to the charity, and have formulated policies for identifying and managing risks and are determining the level of general funds that are required to cover these risks.

As the general funds have previously been expended, the Trustees and management team will strive to generate further surpluses in the forthcoming years to generate funds for cover these risks, in particular, additional unfunded staffing costs that may be incurred through redundancy, maternity or long term sickness cover.

Trustees' Responsibilities

Company Law requires the Board of Management, who are the Trustees, to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Charity and of the profit or loss of the Charity for that period. In preparing those financial statements the trustees are required to: -

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and estimates that are reasonable and prudent;
- c. follow applicable accounting standards, subject to any material departures disclosed and explained in the financial statements;
- d. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charity will continue in business.

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Charity and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Trustees and Their Beneficial Interests

The trustees have no beneficial interests as the Charity has no share capital being limited by guarantee.

Fixed Assets

Full details of the fixed assets owned by the Charity are provided in the notes to the financial statements.

TRUSTEES' REPORT (CONTINUED)

Year ended 31st March 2002

Auditors

A resolution will be proposed at the Annual General Meeting to re-appoint the auditors BKR Haines Watts incorporating Notley Pearson Shewring.

By Order of the Trustees


Alan Pursell
Trustee

25th July 2002

**REPORT OF THE INDEPENDENT AUDITORS TO
THE MEMBERS OF INNOVATE TRUST**

6

We have audited the financial statements on pages 8 to 18 which have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets, and the accounting policies set out on pages 11 to 13.

Respective Responsibilities of Trustees and Auditors

As described on page 5, the company's trustees who are also the directors for the purposes of company law, are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

It is our responsibility to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the requirements of the Companies Act 1985. We also report to you if, in our opinion, the Trustees' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Trustees' remuneration and transactions with the company are not disclosed.

We read the Board report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of Opinion

We conducted our audit in accordance with auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**REPORT OF THE INDEPENDENT AUDITORS TO
THE MEMBERS OF INNOVATE TRUST (continued)**

7

Opinion

In our opinion the financial statements give a true and fair view of the charitable company's state of affairs as at 31st March 2002 and of its incoming resources and application of resources including its income and expenditure for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985.

Notley Pearson Shewring

BKR Haines Watts
Incorporating
Notley Pearson Shewring
Chartered Accountants
Registered Auditors
Pagefield House
24 Gold Tops
Newport
South Wales
NP20 4PG

15th October 2002

STATEMENT OF FINANCIAL ACTIVITIES

Year ended 31st March 2002

	Note	Unrestricted Funds	Restricted Funds	Total Fund	2001
Incoming Resources					
Grants and allowances	2	326,940	1,128,360	1,455,300	1,493,516
Donations and fund raising		4,042	-	4,042	4,036
Rents receivable		150,754	-	150,754	123,381
Interest receivable		11,928	-	11,928	7,897
Expenditure reimbursed		106,650	-	106,650	120,796
Gain on sale of freehold property		-	-	-	160,146
Other income		<u>59,930</u>	<u>-</u>	<u>59,930</u>	<u>33,239</u>
Total Incoming Resources		<u>660,244</u>	<u>1,128,360</u>	<u>1,788,604</u>	<u>1,943,011</u>
Resources Expended					
Direct charitable expenditure	3	318,329	1,347,610	1,665,939	1,637,669
Management and administration	4	<u>19,750</u>	<u>-</u>	<u>19,750</u>	<u>21,152</u>
Total Resources Expended		<u>338,079</u>	<u>1,347,610</u>	<u>1,685,689</u>	<u>1,658,821</u>
Net Incoming Resources Before Transfers					
		322,165	(219,250)	102,915	284,190
Transfers between funds		<u>(280,631)</u>	<u>280,631</u>	<u>-</u>	<u>-</u>
Net Movement in Funds		41,534	61,381	102,915	284,190
Fund balances brought forward		<u>376,764</u>	<u>603,785</u>	<u>980,549</u>	<u>696,359</u>
Fund Balances Carried Forward	11, 12, 13	<u>£418,298</u>	<u>£665,166</u>	<u>£1,083,464</u>	<u>£980,549</u>

The notes on pages 11 to 18 form part of these statutory financial statements.

INCOME AND EXPENDITURE ACCOUNT

Year ended 31st March 2002

	Notes		2001
Income			
Grants and allowances	2	1,375,300	1,372,271
Rents receivable		150,754	123,381
Expenditure reimbursed		106,650	120,796
Other income		<u>82,591</u>	<u>69,368</u>
Operating Income		1,715,295	1,685,816
Project costs		1,525,510	1,476,391
Administrative costs		<u>157,105</u>	<u>174,222</u>
Operating Surplus	5	32,680	35,203
Interest receivable		11,928	7,897
Interest payable		(3,074)	(8,207)
Surplus on Sale of Assets		<u>-</u>	<u>160,146</u>
Surplus for the year before transfers to designated reserves		41,534	195,039
Transfers to designated reserves		(18,377)	(170,975)
Transfers from designated reserves		<u>8,112</u>	<u>-</u>
Surplus for the year after transfers to designated reserves		31,269	24,064
General Fund Brought Forward		<u>118,179</u>	<u>94,115</u>
General Fund Carried Forward		<u>£149,448</u>	<u>£118,179</u>

Continuing Operations

None of the company's activities were acquired or discontinued during the above two financial years.

Recognised Gains and Losses


The company has no recognised gains or losses other than the surplus or deficit for the above two financial years.


The notes on pages 11 to 18 form part of these financial statements.

BALANCE SHEET
 At 31st March 2002

	Notes		2001
Fixed Assets			
Tangible assets	8	836,843	690,105
Current Assets			
Debtors	9	56,653	188,910
Cash at bank and in hand		<u>333,241</u>	<u>191,770</u>
		389,894	380,680
Creditors: Amounts Falling Due Within One Year	10	<u>113,173</u>	<u>50,137</u>
Net Current Assets		<u>276,721</u>	<u>330,543</u>
Total Assets Less Current Liabilities		1,113,564	1,020,648
Creditors: Amounts Falling Due After More Than One Year	10	<u>(30,100)</u>	<u>(40,099)</u>
		<u>£1,083,464</u>	<u>£980,549</u>
Represented By: -			
Unrestricted Funds	11		
General fund		149,448	118,179
Revaluation reserve		27,812	29,136
Development reserve		160,146	160,146
Building maintenance reserve		31,492	33,075
Equipment replacement reserve		<u>49,400</u>	<u>36,228</u>
		418,298	376,764
Restricted Funds	12	<u>665,166</u>	<u>603,785</u>
		<u>£1,083,464</u>	<u>£980,549</u>

These financial statements were approved by the Trustees on 25th July 2002 and signed on their behalf: -





Alan Pursell (Trustee and Chair)

David Davies (Trustee)

The notes on pages 11 to 18 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31st March 2002

1. Accounting Policies**(a) Basis of Accounting**

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain of the Charity's freehold property, and in accordance with applicable Accounting Standards and the Statement of Recommended Practice (published in October 2000)

(b) Depreciation

Depreciation is calculated to write off the cost or valuation, less estimated residual values, of tangible fixed assets over their estimated useful lives. The annual depreciation rates and methods are as follows: -

Freehold property - office	- 6 2/3% on cost
- short term care houses	- 4% on cost
Computer equipment	- 33 1/3% on cost
Other fixtures and equipment	- 25% on written down value
Motor vehicles	- 25% on cost

(c) Capital Grants

Capital grants, received to fund the purchase of fixed assets, are held in a restricted fund and transferred to general funds over the expected useful lives of the related assets.

(d) Revenue Grants

Revenue grants are recognised in the period in which the expenditure to which they relate is incurred.

Where there are conditions attached to the use of these grants they are credited to the Restricted Fund. All other revenue grants are included in the General Fund in unrestricted funds.

(e) Leased Assets

Where the charity enters into operating and/or finance leases, these leases are regarded as finance leases where their terms give rights approximating to ownership.

Assets held under finance leases (including hire purchase contracts) are capitalised at the fair value of the asset at the inception of the lease, with an equivalent liability categorised as appropriate under creditors due within and after one year. Assets are depreciated over the shorter of the lease term and their useful economic life; in the case of assets held under hire purchase agreements, they are depreciated over their useful economic life. Finance charges are allocated to accounting years over the life of each lease to produce a constant rate of charge on the outstanding balance.

Rentals under operating leases are charged on a straight-line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31st March 2002

(f) Pensions

Contributions to the charity's defined contribution pension scheme are charged to the income and expenditure account in the accounting period for which they are due.

(g) Internal Charges

Internal charges are made within the organisation for management services.

(h) Apportionment of Expenditure

All expenditure incurred by the company is allocated at the time that it is incurred to direct charitable expenditure or management and administration of the company by reference to the nature of the expense.

The staff costs for each employee are allocated to direct charitable expenditure and management and administration by reference to the proportion of the employee's time spent on each activity or task and the nature of these activities and tasks.

Expenditure that relates to the company as a whole, and which cannot otherwise be accurately apportioned is apportioned by reference to the total salary costs allocated to direct charitable expenditure and to management and administration respectively. This method of apportionment is considered to best reflect the proportion of these expenses that are direct charitable expenditure and management and administration respectively.

(i) Designated Reserves

(i) Building Maintenance Reserve

This reserve has been established to fund future major and cyclical repairs expenditure on freehold properties owned by the company. Transfers to the reserve are made by reference to the expected pattern and timing of future major and cyclical repairs expenditure.

(ii) Equipment Replacement Reserve

This reserve has been established to fund the cost of replacing existing project fixtures and equipment. Transfers to the reserve are made by reference to both the expected replacement cost of these fixtures and equipment and the expected life of the existing fixtures and equipment.

(iii) Revaluation Reserve

Surpluses arising on the revaluation of fixed assets are credited to the revaluation reserve and are transferred back to general funds over the remaining useful life of the related asset.

(iv) Development Reserve

Surpluses arising on the disposal of properties are transferred to this reserve which has been established to assist in funding the purchase and development of new properties which will be used to further the aims of the Charity.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31st March 2002

2. Grants and Allowances

	General Fund	Restricted Fund	Total	2001
Revenue Grants				
All-Wales Strategy	-	437,227	437,227	424,350
Resettlement team	-	520,887	520,887	596,257
Other Local Authorities grants	47,453	17,110	64,563	39,874
Health Authorities grants	6,790	-	6,790	6,790
European Social Fund	-	73,136	73,136	111,459
Community Care allowance	172,632	-	172,632	145,666
SHRG	7,448	-	7,448	14,212
Social services funding	51,541	-	51,541	-
Other	<u>41,076</u>	<u>-</u>	<u>41,076</u>	<u>29,908</u>
	326,940	1,048,360	1,375,300	1,368,516
Capital Grants				
Jane Hodge Foundation	<u>-</u>	<u>80,000</u>	<u>80,000</u>	<u>125,000</u>
	<u>£338,966</u>	<u>£1,116,334</u>	<u>£1,455,300</u>	<u>£1,493,516</u>

3. Direct Charitable Expenditure

	General Funds	Restricted Funds	Total	2001
Staff costs	68,670	1,278,955	1,347,625	1,337,547
Depreciation	37,200	-	37,200	41,498
Other administrative costs	<u>212,459</u>	<u>68,655</u>	<u>281,114</u>	<u>258,624</u>
	<u>£318,329</u>	<u>£1,347,610</u>	<u>£1,665,939</u>	<u>£1,637,699</u>

4. Management and Administration of the Charity

	2002	2001
Salaries	7,000	6,350
Audit and professional fees	12,000	14,102
Other costs	<u>750</u>	<u>700</u>
	<u>£19,750</u>	<u>£21,152</u>

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31st March 2002

5. Operating Surplus

The operating surplus is stated after charging: -

	2002	2001
Depreciation	37,200	41,498
Loss/(Profit) on disposal of assets	-	1,807
Auditors' remuneration	8,343	8,107
Hire of equipment	6,802	3,439
	<u> </u>	<u> </u>

6. Staff Costs

The cost of employing staff was: -

	2002	2001
Wages and salaries	1,214,803	1,205,113
Social Security costs	94,252	93,555
Pension costs	<u>45,570</u>	<u>45,229</u>
	<u>£1,354,625</u>	<u>£1,343,897</u>

The average weekly number of employees during the year was: -

Central administration staff	9	7
Care workers, etc.	<u>95</u>	<u>105</u>
	<u>104</u>	<u>112</u>

There were no emoluments paid to the Trustees in either year.

7. Taxation

The company has been granted exemption from corporation tax due to its charitable status.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31st March 2002

8. Tangible Fixed Assets

	Freehold Property	Computer Equipment	Fixtures and Fittings	Motor Vehicles	Total
Cost/Valuation					
At 1st April 2001	731,522	5,131	148,636	8,895	894,184
Additions in year	180,747	-	3,192	-	183,939
Disposals in year	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,000)</u>	<u>(4,000)</u>
At 31st March 2002	<u>912,269</u>	<u>5,131</u>	<u>151,828</u>	<u>4,895</u>	<u>1,074,123</u>
Depreciation					
At 1st April 2001	68,642	2,881	123,663	8,893	204,079
Charge for year	28,848	1,710	6,642	-	37,200
Disposals	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,999)</u>	<u>(3,999)</u>
At 31st March 2002	<u>97,490</u>	<u>4,591</u>	<u>130,305</u>	<u>4,894</u>	<u>237,280</u>
Net Book Value					
At 31st March 2002	<u>£814,779</u>	<u>£540</u>	<u>£21,523</u>	<u>£1</u>	<u>£836,843</u>
At 31st March 2001	<u>£662,880</u>	<u>£2,250</u>	<u>£24,973</u>	<u>£2</u>	<u>£690,105</u>

The historical cost of freehold land and buildings is £879,161 (2001: £698,414)

9. Debtors

	2002	2001
Grants due	51,880	168,945
Rent due	2,696	17,891
Other debtors and prepayments	<u>2,077</u>	<u>2,074</u>
	<u>£56,653</u>	<u>£188,910</u>

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31st March 2002

10. Creditors

	2002	2001
a. Amounts Falling Due Within One Year		
Secured:		
Bank loan	<u>8,860</u>	<u>8,148</u>
	8,860	8,148
Taxation and social security	26,073	236
Deferred income	49,434	10,120
Other creditors	<u>28,806</u>	<u>31,633</u>
	£113,173	£50,137
	<u><u> </u></u>	<u><u> </u></u>
b. Amounts Falling Due After More Than One Year		
Secured:		
Bank loan	<u>£30,100</u>	<u>£40,099</u>
	<u><u> </u></u>	<u><u> </u></u>
Bank loan payable by instalments		
In less than one year	9,500	8,148
In 1 - 2 years	11,000	9,000
Between 2 - 5 years	18,460	28,000
After 5 years	<u>-</u>	<u>3,099</u>
	£38,960	£48,247
	<u><u> </u></u>	<u><u> </u></u>

The bank loan is secured on the company's freehold properties at 433 Cowbridge Road East and 66 Hamilton Street.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31st March 2002

11. Unrestricted Funds

	Development Reserve	Revaluation Reserve	Building Maintenance Reserve	Equipment Replacement Reserve	General Funds
At 1st April 2001	160,146	29,136	33,075	36,228	118,179
Surplus for year	-	-	-	-	41,534
Transfers	-	(1,324)	(1,583)	13,172	(10,265)
At 31st March 2002	£160,146	£27,812	£31,492	£49,400	£149,448

12. Restricted Funds

	Capital Grants	Total
At 1st April 2001	603,785	603,785
Received in the year	80,000	80,000
Expended in the year	(18,619)	(18,619)
At 31st March 2002	£665,166	£665,166

13. Analysis of Net Assets Between Funds

	Unrestricted Funds	Restricted Funds	Total
Fixed assets - functional	297,729	539,114	836,843
Current assets	263,842	126,052	389,894
Creditors: Amounts falling due within one year	(113,173)	-	(113,173)
Creditors: Amounts falling due after more than one year	(30,100)	-	(30,100)
	£418,298	£665,166	£1,083,464

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31st March 2002

15. Related Party Transactions

One of the Trustees, Alan Pursell, is a director of a company of independent financial advisers that provides pensions advice to the company's employees under contract from the company's pension providers.

One of the Trustees, David Davies is a director of an engineering inspection company that contracts with the company's insurers to provide electrical and lifting gear inspections to the company.

16. Capital Commitments

Capital expenditure of £305,000 (2001: £306,000) was authorised but not contracted for at 31st March 2002 for the building of a further new property at Newport Road, Cardiff.

INCOME AND EXPENDITURE ACCOUNT

Year ended 31st March 2002

2001

Income

Grants and allowances	1,375,300	1,372,271
Donations and fund raising	4,042	4,036
Rent receivable	150,754	123,381
Bank deposit interest	11,928	7,897
Capital grants amortised	18,620	25,223
Expenditure reimbursed (salaries)	106,650	120,796
Other income	59,929	40,110
Surplus from the sale of fixed assets	<u>-</u>	<u>160,146</u>
	1,727,223	1,853,860

Expenditure

Staff costs	1,354,625	1,343,897
Depreciation	37,200	41,498
Donation/Loss on sale of fixed assets	1	1,810
Audit and accountancy	12,000	14,102
Rent, rates, insurance light and heat	54,404	51,313
Repairs and maintenance	59,570	39,702
Housing association management fees	33,959	30,415
Hire of equipment	6,802	3,439
Other administrative expenses	124,054	124,438
Bank loan interest payable	<u>3,074</u>	<u>8,207</u>
	1,685,689	1,658,821

Net Surplus for the Year before transfers to designated reserves

£41,534

£195,039