

**SOUTHWICK
COMMUNITY ASSOCIATION**



REPORT OF THE TRUSTEES

AND

FINANCIAL STATEMENTS

FOR THE

YEAR ENDED 31 MARCH 2020

SOUTHWICK COMMUNITY ASSOCIATION

REPORT AND STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

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SOUTHWICK COMMUNITY ASSOCIATION

REPORT & ACCOUNTS for the year ended 31 March 2020

General Information

Trustees	Malcolm Gough	<i>(Chairman)</i>
	Tony Brownings	<i>(Hon Secretary)</i>
	Bob Ryder	<i>(Hon Treasurer)</i>
	David Comber	<i>(Vice-Chairman)</i>
	Maxine Coomber	<i>(President)</i>
	Michael Coomber	<i>(Vice-President)</i>
	Simon Armes	
	Maureen Cripps	
	Angus Dunn	
	Philip Evans	
	Yvonne Fair	
	John Garland	
	Roger Needham	
	Martin Oakley	
	Raymond Richards	
	David Simmons	
	Philip Simons	

Registered Charity No. 305370

Address Southwick Community Centre
24 Southwick Street
Southwick
West Sussex BN42 4TE

Independent Examiner Malcolm Wood FCA

Bankers Barclays Bank plc
Bank House
Southwick Square
Southwick
West Sussex BN42 4FH

SOUTHWICK COMMUNITY ASSOCIATION

*The Association is an unincorporated association, founded under a constitution originally adopted in January 1945 (and most recently amended in June 2012).
We are a registered charity (registration number 305370).*

The Association's constitution reflects the requirements of modern charity legislation and recommended good practice for community associations.

REPORT OF THE TRUSTEES for the year ended 31 March 2020

Responsibility for the overall control of the Association's affairs rests in the board of managing trustees, elected each year by the membership at the AGM.

The Board of Trustees serving in 2019-20

Malcolm Gough	<i>(Chairman)</i>
Tony Brownings	<i>(Hon Secretary)</i>
Bob Ryder	<i>(Hon Treasurer)</i>
David Comber	<i>(Vice-Chairman)</i>
Maxine Coomber	<i>(President)</i>
Michael Coomber	<i>(Vice-President)</i>
Simon Armes	
Maureen Cripps	
Angus Dunn	
Philip Evans	
Yvonne Fair	
John Garland	
Roger Needham	
Martin Oakley	
Raymond Richards	
David Simmons	
Philip Simons	

The Trustees herewith present their report, together with the financial statements of the Association, for the financial year beginning on 1 April 2019 and ending on 31 March 2020.

Charitable purposes & public benefit

The Association works with public authorities, charities and other organisations, and with individual volunteers, to advance education and to provide facilities for social welfare, recreation and leisure-time occupation, for the benefit of the people of Southwick and its wider neighbourhood.

In fulfilment of its charitable objectives, the Association runs a large and lively community centre in Southwick. The Centre and its facilities are an active focus for the local community, with a wide range of events, activities and participating organisations. The Association strives to keep a continuous programme of renewing, developing and improving the Centre's facilities for the benefit of local people.

The Trustees pay careful regard to the Charity Commission's guidance on public benefit. We apply it in our general overview of the Association's affairs - and have done so directly in relevant areas of decision-making during the year.

A detailed account of the activities and workings of the Community Centre, along with information about its facilities, management and history, is available on the Association's website, www.southwickcommunitycentre.org.uk.

Also on the website is more detail about activities and developments at the Centre during the year - please see <https://www.southwickcommunitycentre.org.uk/scaannualreport201920.pdf>.

Overview of the year's activities

General progress to February 2020

Until the onset of the Covid-19 crisis in early 2020, the Association had achieved further steady progress in public use of the Community Centre, with a 5% increase in general income over the previous year. We were continuing to work well with prevailing trends in the demand for community-based activity, in particular for:

- activities which promote forms of social development and support - for example, education and training courses with a strong social dimension.
- activities coordinated by public bodies and social enterprises across a whole range of health and social welfare issues.
- activities in the fields of fitness, leisure and well-being, with an emphasis on 'participation' and self-development.

The impact of the Covid-19 crisis

However, by February 2020, the anxiety of our users began to rise - and the rate of cancelled activities accelerated. By mid-March the Community Centre was effectively closed for business. More than 90% of the Association's operating income immediately dried up.

Very quickly, in the third week in March, the Trustees agreed a set of emergency arrangements for managing the crisis. The four 'executive' trustee officers were delegated to take urgent actions needed, while effective 'remote' reporting and approval procedures were set up for the Board of Trustees to remain fully involved in the essential management of the Association's affairs.

Financial overview of the year

*All of the Association's assets and liabilities relate to delivery of its charitable aims and objectives.
Our direct expenses in providing charitable services are personnel and other costs involved in running the Community Centre and making the facilities available for community activities.
The management and administration expenses are mainly personnel costs.
We determine the levels of staff pay in accordance with a policy most recently codified in 2015.*

Our Operating Fund, for the day-to-day running of the Community Centre (p.9 below) achieved a surplus of £32,000 for the year (£7,000 less than the previous year).

- **Income** (at £224,000) fell by £8,000 from the previous year (down 4%). The largest item was income from the hire of facilities (£150,000) which dropped by £16,500 (down 10%).
- **Expenditure** on running costs (£192,000) fell by £1,500 (1%) from the previous year. The largest item was spending on staff costs (£107,000) which rose by £8,000 (8%).

Our Development Fund, for improvements to the Centre's facilities and equipment (p.9 below) included a strong net surplus of nearly £10,000 from community fundraising events. We are hugely grateful for the efforts put into the 2019 Beer Festival and Christmas Fair by the many keen volunteers who planned the events and carried them out, ably supported by the Centre's office and premises team. Also this year we were very kindly gifted donations and legacies totalling nearly £43,000.

Our capital expenditure for the year was lower than in most recent years - a total of £18,000 (see summary of fixed-asset 'additions', p.13 below).

- Most of this (£12,000) was invested in improvements to the leasehold buildings, primarily the upgrading of lighting installations and the mains electricity systems.
- Other capital expenditure (£6,000) was for new kitchen equipment, theatre equipment and archive storage units.

Our overall financial position (p.10 below) improved over the year, one important factor being the donations and legacies mentioned above. Another significant factor was the resolution of a long-running issue with inaccurate electricity and water bills from several years prior to 2019-20. This resulted in refunds to us, totalling £26,000. These refunds have been recorded as an exceptional item of income added to the Operating Fund, shown in the Statement of Financial Affairs (p.9 below) and the corresponding Note (p.15).

The Association's funds and its policy on reserves

The financial statements (p.9-15 below) set out the assets and liabilities of our funds.

Prompted by guidance published by the Charity Commission in the light of the Covid-19 crisis, the Trustees reviewed the details of the Association's fund accounting, not least to avoid any unnecessary restrictions on the use of financial reserves at a time of significant and ongoing pressure on the Community Centre's revenue. We have made some timely adjustments to the structure of the funds, and we have clarified some of the working definitions. The Trustees consider this has achieved a more rational framework, as well as removing what were unintended restrictions on the use of our financial reserves.

The **fund adjustments** are reflected in our presentation of the accounts for 2019-20, including all the comparative figures shown for 2018-19. Further information about the funds can be found in the Notes to the Accounts (Note 1 and Note 9 - found on p.11 and p.14).

In summary, the position on **reserves** is as follows.

The **Operating Fund** is maintained at a level aiming to ensure adequate resources to cope with unexpected pressures and short-term deficits in the day-to-day running of the Community Centre.

The **Development Fund** represents the net proceeds of fundraising (mainly from community and social events) and donations. These are resources designated for future improvements to the Community Centre and for the renewal and upgrading of its facilities and equipment.

The **Establishment Fund** expresses the book value of improvements actually carried out to the fabric of our leasehold buildings (the physical embodiment of the Community Centre). These are purely fixed property assets, much of them created with capital grants received in the 1990s to carry out major works of development and improvement.

There is no doubt **the Association will suffer a huge loss of revenue in 2020-21 due to the effects of the Covid-19 crisis - and this will very likely extend into much of 2021-22.**

We will take all necessary measures to limit the damage. But the future will be very tough. **All of our reserves (financial and managerial) are going to be challenged and stretched.**

Statement of the Trustees' responsibilities

Under the law applicable to charities in England and Wales, the Trustees must prepare financial statements for each financial year, giving a true and fair view of the Association's financial activities during the year and of its financial position at the end of the year. In preparing these financial statements, giving a true and fair view, the Trustees are expected to follow best practice and to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates which are reasonable and prudent;
- state whether applicable accounting standards and statements of recommended practice have been followed (subject to any departures disclosed and explained in the financial statements); and
- prepare the financial statements on a "going-concern" basis (unless it is inappropriate to presume that the Association will continue in operation).

The Trustees are also responsible for keeping proper accounting records which disclose with reasonable accuracy the financial position of the Association, and which enable them both to ascertain the financial position of the Association and to ensure that the financial statements comply with the Charities Act 2011.

The Trustees are responsible for safeguarding the assets of the charity - and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Signed on behalf of the Trustees: [*Malcolm Gough*] and [*Robert Ryder*]

Dated: 7 January 2021

INDEPENDENT EXAMINER'S REPORT
to the Trustees of **SOUTHWICK COMMUNITY ASSOCIATION**

I report on the accounts of the charity for the year ended 31 March 2020, which are set out on pages 9 to 15 below.

Respective responsibilities of trustees and independent examiner

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

It is my responsibility to:

1. examine the accounts (under section 145 of the 2011 Act);
2. to follow the procedures laid down in the General Directions given by the Charity Commissioners (under section 145(5)(b) of the 2011 Act);
3. to state whether particular matters have come to my attention.

Basis of independent examiner's report

My examination was carried out in accordance with the General Directions given by the Charity Commissioners. An examination includes a review of the accounting records kept by the charity and a comparison of the accounts presented with these records. It also includes consideration of any unusual items or disclosures in the accounts, and the seeking of explanations from you as trustees concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit and, consequently, I do not express an audit opinion on the view given by the accounts.

Independent examiner's statement

In connection with my examination, no matter has come to my attention:

1. which gives me reasonable cause to believe that, in any material respect, the requirements:
 - to keep accounting records in accordance with section 130 of the 2011 Act; and
 - to prepare accounts which accord with the accounting records and to comply with the requirements of the 2011 Act;have not been met; or
2. to which, in my opinion, attention should be drawn in order to enable a proper understanding of the accounts to be reached.

[*Malcolm Wood* F.C.A.]

Fellow of the Institute of Chartered Accountants in England and Wales

Dated: 7 January 2021

SOUTHWICK COMMUNITY ASSOCIATION

STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31 MARCH 2020

	Unrestricted Funds	Restricted Funds	TOTAL FUNDS 2020	Total Funds 2019
INCOME AND EXPENDITURE	£	£	£	£
	<i>Note *</i>			
INCOMING RESOURCES				
Charitable activities				
Operation of the community centre	224,210	-	224,210	232,403
Other activities to generate funds				
Community events & fundraising	23,934	-	23,934	21,744
Donations, gifts and legacies	42,733	-	42,733	15,774
Grants	-	-	-	-
Interest from deposit accounts	584	-	584	570
TOTAL incoming resources	291,461	0	291,461	270,491
EXPENDED RESOURCES				
Cost of generating funds				
Community events & fundraising	14,264	-	14,264	12,620
NET incoming resources available for charitable application	277,197	0	277,197	257,871
Charitable expenditure				
Operating community facilities & services	3 159,677	27,983	187,660	190,462
Management and administration	3 & 4 41,235	-	41,235	39,821
TOTAL charitable resources expended	200,912	27,983	228,895	230,283
Movement in funds (2019-20)	76,285	(27,983)	48,302	27,588
Fund Transfers	9 (11,711)	11,711	0	0
Exceptional item (previous years)	10 26,303	-	26,303	-
Net movement in Funds	90,877	(16,272)	74,605	27,588
[B/Fwd] FUND BALANCES at 31 March 2019	403,815	799,791	1,203,606	1,176,018
FUND BALANCES AT 31 March 2020	494,692	783,519	1,278,211	1,203,606

* The notes form part of these financial statements

SOUTHWICK COMMUNITY ASSOCIATION

BALANCE SHEET AS AT 31 MARCH 2020

	Note *	31 March 2020 £	31 March 2019 £
TANGIBLE FIXED ASSETS	5	835,701	854,365
CURRENT ASSETS			
Debtors	6	23,407	34,833
Stocks	11	5,156	4,787
Short-term deposits		233,378	232,795
Cash at bank and in hand		189,602	104,059
		451,543	376,474
LESS CREDITORS Amounts falling due within one year	7	(9,033)	(27,233)
NET CURRENT ASSETS		442,510	349,241
TOTAL ASSETS LESS CURRENT LIABILITIES		1,278,211	1,203,606
LESS CREDITORS Amounts falling due after more than one year	8	--	--
TOTAL NET ASSETS		1,278,211	1,203,606
FUNDS			
Unrestricted	9	494,692	403,815
Restricted	9	783,519	799,791
TOTAL FUNDS		1,278,211	1,203,606

* The notes form part of these financial statements

Approved by the board of Trustees and signed on its behalf by

[**Malcolm Gough**] and [**Robert Ryder**]

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting Policies

Accounting Convention

The accounts are prepared under the historical cost convention and in accordance with with the Charities Act 2011, the current Statement of Recommended Practice ("Accounting and Reporting by Charities" FRS 102) and with applicable accounting standards.

Accumulated Funds

The accumulated funds comprise the following:

(a) **Operating Fund**

This fund is for the general management and operation of the Community Centre, and the day-to-day activities of the Association.

(b) **Development Fund**

This fund is *designated* for income raised (and resources spent) to improve the Community Centre's facilities and equipment, and to develop its future sustainability and place in the community.

(c) **Establishment Fund**

This *restricted* fund embodies the value of improvements carried out to the Community Centre's buildings (which are held on leasehold) and to the Centre's integral fixtures & fittings.

Fixed Assets

Fixed Assets are recorded at cost or, in the case of fixed assets that have been donated to the Association, at valuation at the time of acquisition, less depreciation.

Depreciation

Improvements to the Community Centre's buildings, when they come into use, are amortised over the remaining period of the lease.

Other fixed assets are depreciated on a straight line basis over their useful lives, estimated to be:

Theatre equipment	10 to 20 years
Other equipment & fittings	5 to 15 years
Electronic equipment	3 to 7 years

Stocks

Stocks are valued at cost. They comprise consumable items which are used in the day-to-day operation of the Community Centre.

Income from operation of the Community Centre, grants & fundraising

These comprise amounts receivable during the year.

Donations, gifts & legacies

These comprise amounts received during the year.

Investment income

Investment income comprises interest income receivable on short-term deposits.

Resources expended

Resources expended are accounted for on an accruals basis.

SOUTHWICK COMMUNITY ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

2 Charitable Expenditure

Charitable expenditure includes:

	2020	2019
Wages and salaries	106,819	98,855
Depreciation	8,611	8,942

No employee earned £20,000 or more per annum.

No trustee received any remuneration, payments or benefits from the charity, other than refunds of expenses legitimately incurred on behalf of the charity.

The average number of employees (full-time equivalent, analysed by function) was:

	2020	2019
Community services	3.9	3.9
Management and administration	1.6	1.6
Fundraising and publicity	--	--
	5.5	5.5

3 Resources Expended

	Personnel Costs	Depreciation	Other Costs	Total 2020	Total 2019
Front-line operation of the Community Centre	72,697	8,611	78,369	159,677	162,883
Management and administration	34,122	--	7,113	41,235	39,821
	£106,819	£8,611	£85,482	£200,912	£202,704

4 Management and Administration

	2020	2019
Salaries and office costs	40,835	39,421
Audit fees	400	400
	£41,235	£39,821

SOUTHWICK COMMUNITY ASSOCIATION

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

5 Tangible Fixed Assets

	Leasehold improvements *	Theatre equipment **	Other fittings and equipment **	Total
	£	£	£	£
COST				
As at 1 April 2019	1,200,982	121,067	70,627	1,392,676
<i>Additions</i>	11,711	1,751	4,468	17,930
As at 31 March 2020	1,212,693	122,818	75,095	1,410,606
ACCUMULATED DEPRECIATION				
As at 1 April 2019	401,191	91,461	45,659	538,311
<i>Charge for year</i>	27,983	3,000	5,611	36,594
As at 31 March 2020	429,174	94,461	51,270	574,905
NET BOOK VALUE				
As at 31 March 2019	£799,791	£29,606	£24,968	£854,365
As at 31 March 2020	£783,519	£28,357	£23,825	£835,701

All of the tangible fixed assets of the Association are used in the furtherance of its objects.

* The value of leasehold improvement assets is included in the Establishment Fund (Restricted).

** The value of all other tangible fixed assets is included in the Development Fund (Unrestricted).

6 Debtors

	2020	2019
Trade debtors	20,473	31,372
Prepayments	2,934	3,461
	£23,407	£34,833

SOUTHWICK COMMUNITY ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

7 Creditors (amounts falling due within one year)

	2020	2019
Trade creditors	2,588	4,957
Accruals	248	10,386
Other creditors	6,198	11,890
Loans	--	--
	£9,033	£27,233
	£9,033	£27,233

8 Creditors (amounts falling due after more than one year)

	2020	2019
Within two to five years	£0	£0

9 Restricted & Unrestricted Funds

	Balance at 1 April 2019	<i>Movement in resources</i>			Balance at 31 March 2020
		<i>Incoming</i>	<i>Outgoing</i>	<i>Fund transfers</i>	
UNRESTRICTED funds					
Operating Fund	186,545	250,513	-192,301	0	244,757
Development Fund	217,270	67,251	-22,875	-11,711	249,935
	403,815	317,764	-215,176	-11,711	494,692
RESTRICTED funds					
Establishment Fund	799,791	0	-27,983	11,711	783,519
	£1,203,606	£317,764	-£243,159	0	£1,278,211
	£1,203,606	£317,764	-£243,159	0	£1,278,211

The reserve of **UNRESTRICTED** funds represents:

- in the **Operating Fund**
the general everyday income and expenditure of the operation of the Community Centre.
- in the **Development Fund**
the resources designated to improve the Community Centre's facilities and equipment, and to develop the Centre's future sustainability and place in the community.

The **RESTRICTED** funds of the Association represent:

- in the **Establishment Fund**
the value of improvements carried out to the Community Centre's buildings, and to its integral fixtures and fittings.

The Association carried out a major building project (1996-98) with the help of specific grants from public bodies and donations from other contributors. To a considerable extent the Establishment Fund still comprises the value of the fixed assets created by that project. But other significant improvements to the Centre's buildings, fixtures and fittings have been carried out since - and all of those leasehold assets are also incorporated in the Establishment Fund.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

10 Exceptional item

In the course of the financial year 2019-20, the Association received a number of refunds from utility suppliers totalling £26,303. These related to previous financial years, extending as far back as 2015.

The issues involved four utility companies (two electricity suppliers and two water suppliers) and the refunds were the result of the Association's long-running attempts to establish accurate measurement of supplies.

In the Statement of Financial Affairs, these refunds are not included in the 2019-20 total for "incoming resources". The refunds of £26,303 have instead been shown separately, as an exceptional item of income added to the Operating Fund.

11 Stocks

It wasn't possible to carry out our normal itemised stocktaking on 31 March (2020) because the Community Centre was then already closed due to the Covid-19 emergency and the Association's staff had all by then been placed on "furlough leave". Although a partial return of staff began in July 2020, there were other urgent matters which had to be given priority. The "stocks" figures in these accounts are therefore a best estimate of the position at 31 March 2020.