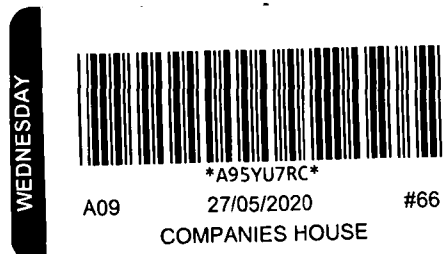


HOGARTH CHARITABLE TRUST COMPANY LIMITED

**(A Company limited by guarantee)
Company No. 4000559**

A REGISTERED CHARITY No. 1084019

**Report and Financial Statements
For the 14-month period ended 31 December 2019**



HOGARTH CHARITABLE TRUST COMPANY LIMITED

REPORT AND ACCOUNTS

For the 14-month period ended 31 December 2019

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HOGARTH CHARITABLE TRUST COMPANY LIMITED

Report for the 14-month period ended 31 December 2019

INTRODUCTION

Charitable Status

The Hogarth Charitable Trust Company Limited (the "Charity") is a company limited by guarantee, number 4000559 and a registered charity, number 1084019.

Registered Office and Principal Address

Hogarth Community & Youth Centre (the "Centre")
Duke Road
London W4 2DR

Bankers

HSBC Bank plc
281 Chiswick High Road
London W4 4HJ

Independent Examiner

Peter Torino – Aims Accountants for Business
25 Leith Mansions
Grantully Road
London W9 1LQ

Governing Documents

The provisions regulating the purposes and administration of the charity are governed by the Memorandum and Articles of Association of the limited company.

Directors and Trustees

The following three individuals served as Directors and Trustees ("Trustees") during the period ending 31 December 2019:

Director & Trustee	Date of Appointment
Fred Lucas (Chairman)	30 th January 2012
Patrick Brougham	8 th October 2012
Basil Fraser	26 th February 2012

During the period ending 31st December 2019, these three Trustees worked pro bono for the charity. Trustee meetings occurred five times during this fourteen month period on the following dates:

- 12th December 2018
- 5th February 2019
- 9th April 2019
- 4th July 2019
- 26th September 2019

HOGARTH CHARITABLE TRUST COMPANY LIMITED

Report for the 14-month period ended 31 December 2019 (*continued*)

After seven years of dedicated service to the charity, Patrick Brougham retired as Trustee on 30th September 2019. A search for his replacement concluded with the appointment of a new Director and Trustee, Jonathan Walker, on 4th February 2020.

Jonathan Walker is the Company's ninth Director since its incorporation in May 2000. The names of all prior Directors of the Company are listed below.

- Tim Oakley was a Director from incorporation on 11th May 2000 until 5th December 2013.
- Kate Williams was a Director from incorporation on 11th May 2000 until 7th September 2011.
- Paul Clampin was a Director from 20th November 2006 to 7th September 2011.
- David Bentley was a Director from 1st September 2009 until 8th September 2011.
- Paul Clabburn was a Director from 27th September 2012 until 22nd November 2013.
- Patrick Brougham was a Director from 8th October 2012 until 30th September 2019.

CHAIRMAN'S STATEMENT

This is my first statement as Chairman of the Board of Trustees. It is addressed to all stakeholders in the Charity. The period under review in this report marked a very significant change in the role and responsibilities of the Charity. Hitherto the Charity had been responsible for operating the Centre from which a youth service, both staffed and funded by the London Borough of Hounslow ("LBH"), has been delivered. Following a period of consultation with various stakeholders in the youth service, LBH terminated all on-going funding for this youth service at the end of 2018.

The Youth Program

The Board of Trustees carefully considered the near and medium term funding, resource and governance implications of taking on full responsibility for the youth service. Following close consultation with Denny Anthony (Youth Officer), at its meeting on 12th December 2018, the Board decided unanimously to make every effort to continue the youth service for as long as possible, assuming no further funding support from LBH, given its critical importance to so many young people, their families and the broader community. From the beginning of 2019, the charity therefore assumed full responsibility for the youth service which re-opened its doors to young people on 8th January 2019. Preparatory work to enable the Centre to do this, which was completed in Q4 2018, included the following multiple workstreams:

- Submitting a bid for transitional funding support from LBH. Following a successful bid, working on the terms and conditions of the Grant Agreement which was then signed with LBH.
- Creating a detailed (daily) plan for the costing and resource requirement for the youth program in 2019, comprising term time (Monday - Thursday), half term (February, May and October) and longer holiday (April and July / August) activities. This detailed plan comprised 186 days of youth services and was agreed with Denny Anthony (Youth Officer) in advance of the program's commencement. This plan was named Project 2019. The budgeted cost of Project 2019 was £88,640 and it formed the basis of 2019 contracts with two youth workers, Denny Anthony and Naomi Alleyne.

HOGARTH CHARITABLE TRUST COMPANY LIMITED

Report for the 14-month period ended 31 December 2019 *(continued)*

CHAIRMAN'S STATEMENT *(continued)*

- Drafting a 12-month contract with Denny Anthony (Youth Officer), reporting to the Board of Trustees. This contract required the Youth Officer to send a monthly report on the program to the Board of Trustees. This contract was signed by Denny Anthony and myself, as Chairman, with effect 8th January 2019.
- Drafting a 12-month contract with Naomi Alleyne (Senior Youth Worker), reporting to Denny Anthony. This contract was signed by Naomi Alleyne and myself, as Chairman, with effect 8th January 2019.
- Reviewing and updating all of the Centre's risk policies, incorporating new policies for the youth service. This included strengthening the safeguarding protocols in the Centre, reinforcing these controls to all licensees and their clients and installing more, clearer safeguarding signage throughout the Centre
- Establishing a separate current account with HSBC for all youth program expenses and all donations to the Charity.
- Committing to continue to submit young people attendance data on a weekly basis to the Integrated Youth Support Services ("IYSS") database.
- Purchasing a laptop and mobile phone for each of the Youth Officer and Senior Youth Worker and installing a new and improved Wi-Fi system in the Centre.

The Youth Program *(continued)*

I am very pleased to report that Project 2019 was successfully delivered safely and without any safeguarding incidents. The total cost of Project 2019 was £83,903 which was 5% under the budgeted cost of £88,640. Much of the positive budgetary variance of £4,737 was achieved by the youth service team sourcing lower cost, but equivalent quality and value activities during the half term and holiday programs. As recorded on the IYSS database, Project 2019 served 288 different young people who attended the program a total of 4,268 times in this 12-month period. This represented an 18% increase on total attendances compared to calendar 2018.

During Q4 2019, much of the same preparatory work was repeated in order to deliver Project 2020 which began on 6th January 2020. The budgeted cost of Project 2020 is £92,500. The budgeted increase over the cost of Project 2019 primarily reflects contractor cost inflation, more junior youth worker hours to support more activities and three extra days of youth services (189 days vs 186 days in Project 2019). Project 2020 intends to serve a larger cohort of young people with a particular focus on building traction with older attendees i.e. 13 to 18 years old. By enriching and expanding the program of activities, it also intends to raise total attendances during calendar 2020.

External stakeholder engagement

I must emphasise that our most important stakeholder is the young person who attends and benefits from our youth program. The Charity exists to serve young people's needs as best it can. The previous section highlighted a material 18% increase in young people attendances in 2019. This is encouraging in our first year of independent operations, but we can and must do more.

HOGARTH CHARITABLE TRUST COMPANY LIMITED

Report for the 14-month period ended 31 December 2019 *(continued)*

CHAIRMAN'S STATEMENT *(continued)*

A strategic priority for the Board of Trustees in 2019 was to deepen the Centre's engagement with the local community and possible sponsors in order to raise awareness of the Centre's youth service and its funding needs. A number of initiatives were successfully pursued including those highlighted below.



- As illustrated above, the Centre's logo was very effectively rebranded during 2018 to bring a more colourful, modern and dynamic profile. This logo is used on internal and external signage as well as office stationery including business cards.
- Articles were written on the Centre and posted in various media forms including Chiswick W4, Chiswick Calendar and Chiswick Locals.
- Trustees and the Youth Team met Sadiq Khan, the Mayor of London, when he opened the Living Wall at St. Mary's School on 29th June 2019. The Mayor and his team were shown around the Centre and photographed with the youth service team. Denny Anthony subsequently visited the Mayor's office to discuss youth crime.
- We established a Friends of the Hogarth group which is led by three enthusiastic local residents: Tony Bowden, Pam Morrow and Joan D'Olier. Trustees worked with these three individuals to host the Centre's first Open Evening on 14th November 2019 which was reported in Chiswick W4 and the Chiswick Calendar. A total of 86 people attended this event including Ruth Cadbury (MP) and six local councillors. The cost of this event to the Charity was minimised by generous donations of refreshments from local residents and Fuller's Brewery. Friends of the Hogarth and other volunteers helped with the event setup, delivery and tidy up. Subsequent donations from attendees and others, many who responded to the event's media coverage, totalled £11,720 which comprised one-off donations of £9,000 and annualised standing orders of £2,720. The Charity expects to augment this total cash receipt with a tax credit from HMRC in H1 2020. All donations are strictly ring-fenced to fund Project 2020 and subsequent Projects. A second Open Evening is scheduled on 14th May 2020 and will target local residents associations, churches and individuals who were unable to attend the first event. In order to recognise the importance of donations and our gratitude to all donors, a Hall of Fame list was set up and is displayed on a video screen in our reception area.
- The Centre must secure new and ideally recurrent grants and corporate sponsorship to cover the annual funding deficit for the youth program. Denny Anthony (the Youth Officer) has taken on additional responsibility for new grant applications in 2020. Working with a Friend of the Hogarth (Henry Gewanter), Basil Fraser (Trustee) has also assumed prime responsibility for engagement with the Chiswick Business Park which accommodates over 70 businesses, both small and large. We are especially grateful to the Tommy Hollis Children's Fund which donated £5,035 in July to pay for the summer residential in August 2019.
- Our relationships with William Hogarth School and St. Mary's School stand on a sound footing and lines of communication are robust. There have not been any incidents with either school.

HOGARTH CHARITABLE TRUST COMPANY LIMITED

Report for the 14-month period ended 31 December 2019 *(continued)*

CHAIRMAN'S STATEMENT *(continued)*

- Our relationship with LBH remains both cordial and professional. We gratefully received two tranches of transitional funding support from LBH of £23,700 (February 2019) and £45,000 (April 2019). All of this money was used to fund Project 2019.

Our website is a very important 'shop window' for the Centre which is visited by multiple external stakeholders. It remains a priority in 2020 to upgrade the Centre's website so that it more correctly displays the Centre's youth program alongside the licensed activities and also advertises space that is available to license. A user friendly DONATE functionality was added to the website and a hardcopy donation form was also created. The latter proved very popular at our first Open Evening. All donations to the Charity are paid directly in to the youth service account which is ring-fenced for the youth program.

Internal stakeholder engagement

A Licensee Forum was established in order to strengthen communications amongst licensees, the youth workers and Trustees. This has proven to be a useful forum for licensees to raise issues and to suggest improvements to the Centre's operations. I chaired two meetings on 10th September and 10th December 2019 which were attended by most licensees, the Youth Officer and the Centre Manager. In addition, ad hoc e-mails were sent to all licensees by the Centre Manager on behalf of the Board of Trustees updating them on key events including Open Evenings, Centre maintenance priorities, the appointment of new trustees and reminding them about safeguarding protocols. The relationship between the Board of Trustees and the group of licensees remains constructive and professional.

Governance

How the organisation is structured and steered is ultimately the responsibility of the Board of Trustees. By assuming full responsibility for the youth service from the beginning of 2019, those responsibilities have increased and changed very materially. Denny Anthony is the Youth Officer who leads the youth program. During the period under review, Denny reported to the Board as did Jamilla Amra, the Centre Manager. The Board oversees all activities in the Centre and, in order to perform this oversight function in 2020, it relies on three key reports: Denny Anthony (Youth Services), Eilis Devendra (Centre Operations) and Jamilla Amra (Centre Finances & Bookkeeping).

As Chairman of the Board of Trustees, I am responsible for maintaining a fit-for-purpose Board of Trustees which comprises individuals with appropriately diverse backgrounds, a range of required skills, a natural empathy with the Charity's core purpose and sufficient time to contribute meaningfully to Board discussions and other responsibilities which they may be assigned.

Finding appropriately skilled trustees with the right mindset for the role has proven to be a challenge. A number of individuals have been trialled, but have either been unable or unwilling to commit the necessary time to the role. Unfortunately, some have seen the role as a sinecure which it is not. As a result, the induction process for potential new trustees has been improved and also extended to ensure candidates are best suited to the role.

HOGARTH CHARITABLE TRUST COMPANY LIMITED

Report for the 14-month period ended 31 December 2019 *(continued)*

CHAIRMAN'S STATEMENT *(continued)*

I am therefore very pleased to report that a new Trustee (Jonathan Walker) joined the Board in February 2020. The search for a fourth Trustee is underway in 2020. I am particularly keen to address the Board's residual skills gap and add a fourth Trustee with expertise in property and contract law, marketing & communications as well as IT.

Given the expanded oversight of the Board of Trustees over the youth service, meetings of Trustees were held more frequently in 2019. Board meetings are also more fully informed with an agenda and board pack which is circulated to all attendees one to two weeks before each meeting, Both the Centre Manager and Youth Officer are invited to meetings of Trustees. Both individuals circulate a monthly report to Trustees. In addition, there was more regular communication between meetings via e-mail, phone and informal face-to-face meetings. Minutes of each Board meeting are recorded, checked and then circulated to all Trustees, the Youth Officer and the Centre Manager.

Organizational culture and conduct

Leading by example at all times, the Board of Trustees must work to ensure that the Charity's culture is both healthy and fit-for-purpose. Let me be clear what culture means. Our culture refers to our patterns of behaviours, our rituals, the values that we share and the accepted norms and standards of behaviour. The right culture underpins our success by helping to motivate staff and reducing key staff turnover. It also helps to grow licensee revenues and to attract external funding. The right culture is therefore absolutely critical for the Charity's long term success.

Integrating fully the youth service with the Centre's other operations during 2019 presented some challenges as the combination of any two functional units may be expected to. However, I believe that measured progress has been made resetting the culture of the enlarged organization to create the foundations of a more harmonious and unified working environment. Much effort has also been incurred to increase organisational transparency which is increasingly important as we partner with and receive funding from more external stakeholders e.g. local residents. I recognise that our culture is not perfect and there is never any room for complacency. This remains a priority work in progress in 2020 and beyond for all stakeholders, but especially for the Charity's leadership team.

Operational efficiency

Every effort was made to reduce wastage and unnecessary costs during 2018 and 2019. This remains a priority in 2020 and beyond. In 2019 we switched our telephone and broadband supplier to BT to capture a lower tariff. We replaced the Centre's old gas boiler in 2019 with a new and more efficient gas boiler. We also replaced old lighting with less energy intensive lighting. Any maintenance work which costs more than £250 is subject to a competitive tender which is typically run by the Centre Manager. Youth service contractor costs are budgeted and monitored monthly via time sheets prior to payment. As stated, Project 2019 was delivered 5% under-budget which is a good start.

HOGARTH CHARITABLE TRUST COMPANY LIMITED

Report for the 14-month period ended 31 December 2019 (*continued*)

CHAIRMAN'S STATEMENT (*continued*)

Revenue efficiency

We measure the Centre's licensee revenue efficiency based on total licensee revenues per available square foot of space. Including the canteen which is primarily for the young people, the Centre has approximately 8,000 square feet of licensable space. In the 14-month period ending 31st December, all of the seven rooms were fully occupied and the multi-user martial arts centre also gathered new classes. However, the lower and upper halls were under-utilised. Securing more short term users of both halls remains an operational priority for the Centre Manager in 2020.

As noted in the 2017/18 report & accounts, membership fees for the young people were increased from £0.50 to £1.00 for Project 2019. This fee remains unchanged for Project 2020. Not all young people can afford to pay this fee, but total membership fees in 2019 were £3,595. In addition, the canteen generated a small gross profit in 2019.

Change to financial year end and reporting format

A shift to a calendar year based youth program e.g. Project 2019 and Project 2020, has led to a logical change to our financial year end from 31st October to 31st December. Going forward we will therefore continue to report on a 12-month calendar basis with a 31st December year end.

We have also changed the reporting format in the company's profit and loss statement in order to show clearly how Project 2019 was funded, whilst also continuing to disclose relevant information on the Centre's other operations. This means that a direct comparison between the 14-month period 2018/19 and the prior 12-month financial year 2017/18, when the Charity did not fund the youth service, is less meaningful.

2020 strategic and operational priorities

As highlighted, the Board of Trustees has multiple priorities in 2020. These include the following:

1. To maintain the highest standards of safeguarding throughout the year with zero breaches.
2. To grow the population of young attendees with a particular focus on building the cohort of young people aged 13-18 whilst also raising the overall young person attendance frequency.
3. To partner with more third party providers of diverse activities to develop, enrich and expand the youth program.
4. To elevate the youth program from Bronze to Silver status with the London Youth Award. This workstream actually began in H2 2019 and concluded in Q1 2020 with our submission.
5. To continue to build local awareness of the youth service and the Centre's available space. Our second Open Evening on 14th May 2020 is a very important event.
6. To secure more regular donations, fresh grants and corporate sponsorships. This will not only build the Charity's financial resilience and a sense of local partnership, but it is vital if we are to expand the youth program and serve more young people.
7. To raise the Centre's overall revenue efficiency by maximizing space utilisation throughout the Centre, but particularly the lower and upper halls.

HOGARTH CHARITABLE TRUST COMPANY LIMITED

Report for the 14-month period ended 31 December 2019 *(continued)*

CHAIRMAN'S STATEMENT *(continued)*

8. To maintain high standards of operating efficiency by continuing to minimise all wasteful expenditure.
9. To recruit a fourth Trustee with appropriate skills in order to strengthen our governance model and quality of oversight.
10. To continue to improve organisational culture and transparency, relying on our key culture carriers to do so.
11. To discover and analyse relevant benchmarking data on comparable youth services in London.

Conclusion

I believe that we have achieved many important goals in the 14-month period to 31st December 2019. The safe delivery of a valuable and much needed youth program to the local community has been and remains our absolute priority.

However, there are ever-present threats to our operating model and we aspire to do much more given more secure funding. Every effort is being made by the Board of Trustees to source this funding in 2020. As above, we have many measurable priorities in 2020 by which to gauge our progress and on which I will report next year. 2020 promises to be another very busy and productive year for the Charity.

The team of experienced youth workers possess the competencies and capabilities which underpin the Charity's core purpose which is to serve young people. The Board of Trustees wholeheartedly thanks the Youth Officer, his entire team of youth workers and volunteers and the Centre Manager for their hard work, professional diligence and commitment throughout the first year of our independent operations.

Post-balance sheet event

In March 2020, the UK Government closed all restaurants, pubs, clubs and leisure centres to reduce the spread of the Corona virus. The Government subsequently imposed tighter controls on people's movements and public gatherings. These controls rendered it impossible for licensees to continue their activities at the Centre. Parents also began to withdraw their children from the youth program during March. In response to this unprecedented situation, to keep the Centre's staff, licensees and the young people safe and to reduce costs trustees therefore decided to close the Centre on 28th March. The Centre will reopen when Government restrictions related to the Corona virus are eased. The temporary loss of licensee fee income and an obligation to support key contractors as best we can will have an adverse impact on the Centre's financial position in 2020. We cannot quantify this impact until the duration of the Government lock-down and its exit strategy are known.



Fred Lucas
Chairman

8/2/5/20

HOGARTH CHARITABLE TRUST COMPANY LIMITED

Report for the 14-month period ended 31 December 2019 (continued)

CHARITY'S RISK REGISTER

The Board of Trustees constantly scans the horizon for risks which may disrupt operations or threaten the Charity's existence. The Board of Trustees has long adopted a very prudent approach to risk management. This remains entirely appropriate given the heightened risks associated with the youth service. Risk mitigation is therefore a key priority and is discussed regularly. The following table summarises the key risks, both internal and external, and the risk mitigations undertaken.

INTERNAL				
Key risk	Likelihood	Potential impact	Mitigations	Who owns the risk
Safeguarding breach	Rare (< 5%)	<i>Catastrophic</i> – a material breach of safeguarding rules involving a young person(s) on site could severely damage the Charity's reputation and ultimately result in the Centre's permanent closure.	The Board of Trustees works closely with the Youth Officer who advises on safeguarding policies and implementation. The Youth Officer provides a monthly report to the Board of Trustees which starts with a review of safeguarding. Photographs of the two Safeguarding Officers (Denny Anthony and Naomi Alleyne) are now displayed around the Centre. Regular reminders are sent to all licensees reiterating the protocols and the importance of compliance with all safeguarding controls. New and clearer safeguarding signage has been displayed throughout the Centre. A penalty system for minor infringements has been established e.g. if a licensee client enters a safeguarded zone without supervision. Maintenance contractors are asked to work outside of safeguarding hours if possible. CCTV cameras monitor all safeguarded zones 24-7.	The Board of Trustees. The Youth Workers. The Centre Manager. All licensees and their clients. All Centre users including contractors and suppliers.
Loss of near term liquidity	Unlikely (5% - 20%)	<i>Manageable</i> – barring a very material unforeseen expense, the impact of a licensee default on the charity's liquidity is generally manageable, albeit unwelcome.	Licensees are monitored and as necessary pursued by the Centre Manager to ensure prompt and full payment of monthly license fees. The Charity has a small financial reserve which is a buffer. All of the Charity's cash is deposited with a high quality, global financial institution (HSBC) in multiple accounts with immediate access and zero capital risk.	The Board of Trustees. The Centre Manager.

HOGARTH CHARITABLE TRUST COMPANY LIMITED

Report for the 14-month period ended 31 December 2019 (*continued*)

CHARITY'S RISK REGISTER (*continued*)

INTERNAL				
Key risk	Likelihood	Potential impact	Mitigations	Who owns the risk
Licensee churn	Probable (20% - 50%)	<i>Manageable</i> – a temporary loss of license fees is manageable provided the space is filled within 1-2 months.	License agreements for long-term licensees include a three-month notice period which gives the Centre Manager time to look for alternative licensees. New licensees are selected based on the likely duration they will license.	The Centre Manager.
Licensee default	Unlikely (5% - 20%)	<i>Material</i> – loss of revenue if a licensee fails to pay their monthly license fee can reduce funding available for the youth service.	The Centre Manager monitors all licensee activities, checking that their franchise is working. Before being offered a space, all new licensees must complete a KYC form which requires two references and full information on their funding. The book-keeper regularly provides the Board of Trustees with an up to date debtors schedule. Failure to pay monthly license fees represents a breach of contract and notice may be served on the defaulting licensee, requiring them to vacate their space. All licensees pay a deposit of at least one month which may be withheld. A revenue budget for calendar 2020 has been agreed.	The Board of Trustees. The Centre Manager. All licensees.
Loss of key personnel	Unlikely (5% - 20%)	<i>Material</i> – although subject to a notice period, if either the Youth Officer or Senior Youth Worker were to leave or become unavailable to work, delivery of the Youth Service would be at risk as would its local franchise and standing.	Working closely with the Youth Team and promoting full transparency across the organization, the Board of Trustees builds staff loyalty. By continuing to improve organisational culture and imposing a zero tolerance for unacceptable behaviours e.g. any forms of bullying and harassment, we intend to create an environment where people are fully respected and empowered and want to work long term. We offer as competitive contractor remuneration as the Charity can afford.	The Board of Trustees. The Youth Officer. The Centre Manager.

HOGARTH CHARITABLE TRUST COMPANY LIMITED

Report for the 14-month period ended 31 December 2019 *(continued)*

CHARITY'S RISK REGISTER *(continued)*

INTERNAL				
Key risk	Likelihood	Potential impact	Mitigations	Who owns the risk
Unexpected Centre maintenance expenses	Probable (20% - 50%)	<i>Manageable</i> – the building which we occupy is old and historically has been quite poorly maintained. Unexpected maintenance with a material cost can reduce the funding that is available for the youth service.	A maintenance review of the Centre was completed in 2019 which resulted in a comprehensive list of maintenance priorities. In 2019, the Centre's boilers were replaced, new signage was installed in- and outside the Centre. A complete refurbishment of the front office and deep steam clean of certain areas were also completed in Q1 2019. Licensees are responsible for maintaining their spaces and, upon vacating, ensuring their space is not in a worse condition than when they signed their license. Under its lease obligation, LBH retains responsibility for the Centre's roofing and certain masonry and performed necessary remediation works in 2018/19.	The Board of Trustees. The Centre Manager. LBH.
Theft of assets	Unlikely (5% - 20%)	<i>Manageable</i> – the Charity does not own any high value, mission critical physical assets. Staff are responsible for the security of their work mobile phones and laptops.	CCTV cameras monitor all points of access to the building and corridors 24-7. The last licensee leaving the building at night is responsible for locking the front door and initiating the alarm system. A penalty system has been imposed for non-compliant licensees. Licensees must keep their spaces locked when not in the building. The Centre Manager keeps copies of keys to all rooms in a code secured cupboard in the front office which is also locked when no one is present.	The Centre Manager. All licensees.

HOGARTH CHARITABLE TRUST COMPANY LIMITED

Report for the 14-month period ended 31 December 2019 (*continued*)

CHARITY'S RISK REGISTER (*continued*)

EXTERNAL				
Key risk	Likelihood	Potential impact	Mitigations	Who owns the risk
Lease expiry	Unlikely (5% - 20%)	<i>Catastrophic</i> – our lease agreement on the Centre with LBH is currently scheduled to expire on 31 st October 2024. If the lease is not renewed beforehand, the Centre will close.	The Board of Trustees works to ensure that the Centre is maintained to ensure safe operations at all times. By building a successful track record of an independent, dynamic and valued youth service which is as securely funded as it can be, the Board of Trustees hopes to agree a meaningful lease extension with LBH in advance of the lease expiry date. Trustees are already garnering support from councillors and the MP for Hounslow.	The Board of Trustees.
Cyber fraud	Rare (< 5%)	<i>Material</i> – if the Charity's Bank accounts were hacked and money stolen, this would threaten both liquidity and solvency.	Bank account details and online login rights are confidential and restricted to two Trustees and the bookkeeper. Deposits held in a bank (HSBC) that is authorised by the Prudent Regulation Authority are protected up to £85,000. The deposit protection limit applies to the total eligible deposits of each person, per PRA-authorized firm.	Board of Trustees. The Centre Manager. The bookkeeper.
Personal data loss or theft	Rare (< 5%)	<i>Material</i> – our reputation would be damaged and confidence in our youth service would be reduced if the personal details of the young people attending the Centre was lost or stolen.	The confidential data on young people is saved on a laptop which is password protected. This laptop is stored securely at the Centre. Confidential data on licensees, suppliers and Trustees is saved on a laptop which is password protected. This laptop is stored securely by the Centre Manager. Key statistics on youth user ages, gender, backgrounds, addresses and visit frequency are maintained by the Youth Team in the IYSS database.	The Youth Team. The Centre Manager.
Cost inflation	Very likely (50% - 100%)	<i>Manageable</i> – typical annual cost inflation of 2-3% is expected.	License fees are typically increased by 2-3% every year. Every effort is made to ensure competitive tendering for maintenance and suppliers.	The Centre Manager.

HOGARTH CHARITABLE TRUST COMPANY LIMITED

Report for the 14-month period ended 31 December 2019 *(continued)*

Report of the Directors and Trustees for the 14-month period ended 31st December 2019

The Directors and Trustees present the report and the unaudited financial statements for the 14-month period ended 31st December 2019.

Principal Activity

The principal activity of the Company is to promote the benefit of young people of the LBH without distinction of gender, sexual orientation, nationality or race, or of religious or other opinions. This is achieved by the provision of facilities in the interests of social welfare for recreation and leisure time occupation with the aim of improving the quality of life for young people and to provide an alternative to residential care and custody for young people in trouble.

Organisation

The Company operates from the Hogarth Community and Youth Centre. During the 14-month period ending 31st December 2019 the front office was staffed by a Centre Manager & Bookkeeper (Jamilla Amra, contractor). From the beginning of January 2019, the youth service was delivered by the Youth Officer (Denny Anthony, contractor), Senior Youth Worker (Naomi Alleyne, contractor) and other part-time junior youth workers as well as voluntary workers.

Main Activities

The Company's main activities include:

1. Onsite youth programs for young people aged 8 to 21.
2. Onsite and offsite half term and holiday activities and schemes for the young people.
3. Licensing the Centre's space to appropriate licensees to partly fund the youth service.

Review of financial activities and affairs

The attached financial statements show the current state of finances, which the trustees consider to be sound.

The Company's total license fees in the 14-month period ended 31st December 2019 amounted to £129,489 (2017/18 £84,601). The 53% increase is primarily due to: (i) a license fee increase in Q1 2019; (ii) more licenses to use the lower and upper halls and the martial arts centre; and (iii) the prior reference period is only 12-months.

The operations for the 14 months to 31st December 2019 resulted in a net surplus of £67,784 (12 months to 31st October 2018 £(693)). As at 31st December 2019 the Company had cash balances with the bank and on hand of £148,327 (2017/18 £100,889). All cash was held with HSBC in two current accounts, a deposit account and Paypal. A small amount of petty cash is securely stored at the Centre.

HOGARTH CHARITABLE TRUST COMPANY LIMITED

Company No. 4000559

BALANCE SHEET AT 31 DECEMBER 2019

	Note	2019 £	2018* £
FIXED ASSETS			
Net tangible assets	10	17,021	5,386
CURRENT ASSETS			
Debtors	11	964	-45
Other debtors		1,868	1,758
Cash at bank and in hand		<u>148,327</u>	<u>100,889</u>
		<u>151,159</u>	<u>102,602</u>
CREDITORS: Amounts falling due within one year	12	-22,183	-29,776
NET CURRENT ASSETS		128,976	72,826
NET ASSETS	13	<u>145,996</u>	<u>78,212</u>
FUNDS			
Unrestricted	14	36,665	-30,076
Restricted	15	<u>109,331</u>	<u>108,288</u>
TOTAL FUNDS		<u>145,996</u>	<u>78,212</u>

*The balance sheet data for 2018 is at 31st October 2018

In approving these financial statements as Directors of the Company we hereby confirm the following:

For the year in question the company was entitled to exemption under 477 of the Companies Act 2006 relating to small companies.

Directors' responsibilities:

1. The members have not required the Company to obtain an audit for its accounts for the year in question in accordance with Section 476.
2. The Directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

These accounts have been prepared in accordance with the provision applicable to companies' subject to the small companies' regime.

The accounts were approved by the Trustees and Directors on 22/5/20


J.S. Walker
Director

JW

HOGARTH CHARITABLE TRUST COMPANY LIMITED

Report for the 14-month period ended 31 December 2019 (*continued*)

INDEPENDENT EXAMINER'S REPORT TO THE TRUSTEES

I report on the financial statements annexed.

Respective responsibilities of Trustee and Examiner

The accounts (financial statements) have been prepared under the historical cost convention with items recognized at cost or transaction value unless otherwise stated in the relevant note(s) to these accounts. The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the requirements of the Charities Act 2011 ("the Act").

The trustees consider that there are no material uncertainties about the Charities's ability to continue as a going concern.

Basis of Independent Examiner's Report

I report in respect of my examination of Hogarth Charitable Trust Company Ltd accounts carried out under section 145 of the 2011 Act and in carrying out my examination, I have followed all the applicable Directions given by the Charity Commission under section 145(5)(b) of the Act. It also includes consideration of any unusual items or disclosures in the accounts, and seeking 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:

- A) Which gives me reasonable cause to believe that in any material respects the requirements:
- to keep accounting records in accordance with Section 41 of the Act; and
 - to prepare accounts which accord with the accounting records and to comply with the accounting requirements of the Act
- have not been met; or
- B) to which, in my opinion, attention should be drawn in order to enable a proper understanding of the accounts to be reached.

Peter Torino BSc ACA
AIMS Accountants for Business
25 Leith Mansions
Grantully Road
London W9 1LQ



Date: 22/1/20

HOGARTH CHARITABLE TRUST COMPANY LIMITED

Reg No 4000559

HOGARTH CHARITABLE TRUST COMPANY LIMITED STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 OCTOBER 2018 INCOME & EXPENDITURE

		2018/19	2018/19	2018/19	2017/18
		Unrestricted Centre Operations	Restricted Youth Service	Total	12 Months
Notes	£	£	£	£	£
INCOME					
London Youth	3		700	700	2,530
LBH Transitional Funding	3		68,700	68,700	
<i>Internally generated</i>					
Grants and Donations	3		11,812	11,812	662
Licence Fees	4	124,585		124,585	75,831
Halls & Other	4	4,904		4,904	8,770
Canteen			3,337	3,337	1,856
Youth Service			3,582	3,582	
Bank interest		171		171	86
Total Incoming Resources		129,660	88,131	217,791	89,735
EXPENDITURE					
Bad Debtors	11	5,565		5,565	5,000
Canteen Supplies			3,452	3,452	1,883
Depreciation		2,933		2,933	9,507
Impairment				0	10,554
Holiday Projects			4,948	4,948	2,179
Youth Sessions			279	279	625
Grants & Other Projects			489	489	3,558
Building Security		2,071		2,071	1,639
Utilities	5	16,684		16,684	11,583
Electricity Rebate	5	-8,215		-8,215	-7,507
Building Maintenance & Cleaning	6	22,966		22,966	29,401
Sub Total		42,004	9,168	51,172	68,422
MANAGEMENT & ADMINISTRATION					
Contractors & Volunteers	7	12,605	76,659	89,264	15,234
Accounts review	8	810		810	810
Administrative costs	9	4,579	847	5,426	3,148
Bookkeeping & Legal Fees		2,479		2,479	2,210
Clubs for young people insurance			414	414	312
Trustee public liability insurance		442		442	292
Sub Total		20,915	77,920	98,835	22,006
Total Expenditure		62,919	87,088	150,007	90,428
Net incoming resources in year		66,741	1,043	67,784	-693
Balances b/fwd 31 Oct 18		-30,076	108,288	78,212	78,905
Transfer of Funds				0	0
Balances c/fwd 31 Dec 2019		36,665	109,331	145,996	78,212

HOGARTH CHARITABLE TRUST COMPANY LIMITED

Report for the 14-month period ended 31 December 2019 (continued)

Review of the Business and Future Prospects

The Company anticipates continuing in the same activity for the next financial year 2018/19. Funding remains the Company's key challenge given LBH's decision to end funding for all centre based youth services. This was implemented at the end of calendar 2018. The Board of Trustees was successful in its application for transitional funding support from LBH. Two tranches of £23,700 and £45,000 were received during calendar 2019.

Subsequent Events

During the early part of 2020 the UK, along with many other parts of the world, was hit with the Corona virus. As reported by the Chairman, this resulted in the Centre having to be closed on 28th March 2020. This will obviously have a detrimental effect on the finances and operations of the Company which, at this stage, are difficult to quantify.

Directors and their interests

The Directors during the 14-month period ended 31st December 2019 are shown on page 3.

Auditors

The accounts are not required to be audited because the turnover of the Company is below £1,000,000.

Company Exemption

For the 14-month period ended 31st December 2019, the Company was entitled to exemption under Section 477 of the Companies Act 2006. No members have required the Company to obtain an audit of its accounts for the year in question in accordance with Section 476. The Directors and Trustees acknowledge their responsibility to:

1. Ensure the Company keeps accounting records which comply with the act.
2. Prepare accounts which give a true and fair view of the state of affairs of the Company as at the end of its financial year in accordance with Sections 394 and 395, and which otherwise comply with the applicable requirements of the Companies Act relating to the accounts.

Approved by the Board of Directors and signed on its behalf.

J.S. Walker
Director

Date:


22/1/20

HOGARTH CHARITABLE TRUST COMPANY LIMITED

NOTES TO THE ACCOUNTS FOR THE 14-MONTH PERIOD ENDED 31 DECEMBER 2019

1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with the Charities Act 2011 and in accordance with the Accounting and Reporting by Charities; Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019).

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

The accounts have been prepared under the historical cost convention, modified to include financial instruments at fair value. The principal accounting policies adopted are set out below. The accounts have been prepared in accordance with the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019)) - Charities SORP (FRS 102) the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) Section 1A and the Charities Act 2011.

Income

Donations and other income are accounted for when they are received, with the exception of restricted funds. Interest from deposit accounts is disclosed on a cash basis, where the effect is not materially different from using the accruals basis.

Expenses

Expenses are accounted for on the accruals basis.

Fund Accounting

The General Fund represents funds for use at the Company's discretion. The Restricted Funds represent funds given by the donors for specific projects.

Tangible Fixed Assets

Fixed assets are shown at historical cost and depreciation is provided, after taking account of any grants receivable, at the following rates in order to write-off each asset over its estimated useful life. The reducing balance is used for motor vehicles and equipment whilst original cost is used for property improvements.

2018/19 and 2017/18

Motor vehicles	25%
Equipment	25%
Property improvements	10%

2. TRUSTEE / DIRECTOR EMOLUMENTS

The Trustees of the Company did not receive any emoluments or any expenses during the year.

HOGARTH CHARITABLE TRUST COMPANY LIMITED

NOTES TO THE ACCOUNTS FOR THE 14-MONTH PERIOD ENDED 31 DECEMBER 2019

3. GRANTS AND DONATIONS

During the year the Charity received £68,700 of transitional funding from the LBH and £700 from London Youth. The £11,812 Grants & Donations received comprised the following:

Anon	500
Conservative Association	250
Friends of Hogarth	3,977
Little Angels	840
Misc Donations	209
Starbucks	1,000
Tommy Hollis Fund	5,035
	<u>11,812</u>

4. LICENSE FEES

Self-generated funds comprise fees from third party licensees as detailed below. The 53% Y-o-Y increase reflects the staged increase in license fees during 2017/18, new long term licensees and additional short term licensees and the period 2018/19 is fourteen months.

	2018/19	2017/18
	£	£
Acola Kids Ltd	35,492	0
Chinese Medicine	12,744	9,323
Dojo	19,622	7,918
Fitnessology	25,053	13,243
Little Forest Folk	19,686	7,769
Little Kickers	10,009	7,341
Maternally Fit	1,979	1,503
Piccolo	0	27,146
Halls & Other	4,904	10,358
	<u>129,489</u>	<u>84,601</u>

5. UTILITIES

	2018/19	2017/18
	£	£
Electricity	5,278	2,883
Gas	9,784	5,749
Water	1,622	2,951
	<u>16,684</u>	<u>11,583</u>

Electricity does not include VAT credit from Laser Energy for £8,215

The Y-o-Y increase in electricity and gas is due to the Trust having independent contracts with the utility providers since January 2019. Previously the Trust was under the LBH buying consortium umbrella. In 2018/19 the electricity account was in credit of £(2,937). This credit was the result of a VAT refund of £8,215 the Trust received from Laser Energy for incorrect VAT charges in prior years.

HOGARTH CHARITABLE TRUST COMPANY LIMITED

NOTES TO THE ACCOUNTS FOR THE 14-MONTH PERIOD ENDED 31 DECEMBER 2019

6. BUILDING MAINTENANCE & CLEANING

	2018/19	2017/18
	£	£
Building Repairs	10,469	20,034
Cleaning	12,497	9,367
	<u>22,966</u>	<u>29,401</u>

Total building and repairs expenditure in 2018/19 was £20,469. The P&L expense of £10,469 was reduced by the full utilisation of the 2017/18 accrual of £10,000.

The £20,469 maintenance costs in 2018/19 comprised the following items:

Office & room deco	2,361
Electrical work	5,130
Glass repair	1,595
Plumbing	2,990
Pest control	241
Fire safety	502
PPL	561
Various repairs	5,384
LBH service contract	1,705
	<u>20,469</u>

Cleaning costs include cleaning supplies of £1,213, the £1,800 cost of a centre deep clean with the balance of £9,484 (2017/18 £9,367) paid to the cleaner.

7. CONTRACTORS & VOLUNTEERS

Contractor service costs amounted to £89,264 and were paid to Ms Amra (£12,605) as Centre Manager and £76,659 to the Youth Service Team. Two Youth Workers, Denny Anthony and Naomi Alleyne, were contracted from January 2019.

8. ACCOUNTS REVIEW

The amount payable to the Independent Examiner for 2018/19 is £675 plus VAT at 20%.

HOGARTH CHARITABLE TRUST COMPANY LIMITED

NOTES TO THE ACCOUNTS FOR THE 14-MONTH PERIOD ENDED 31 DECEMBER 2019

9. ADMINISTRATIVE COSTS

	2018/19	2017/18
	£	£
IT	552	96
Office Supplies	490	361
Telephone	1,104	1,126
Sundry	3,280	1,565
	<u>5,426</u>	<u>3,148</u>

In 2018/19 the increased IT spend was on new digital display board, the website update and domain renewals. Sundry expenses of £3,280 includes training £388, marketing & printing £442, entertainment £1,041, licenses & memberships £376, donations & gifts £155, LBH H&S £700 and other items £178.

10. TANGIBLE FIXED ASSETS

		Assets	Total
		£	£
Cost	At 1 November 2018	6,234	6,234
	<i>Additions</i>	<u>14,567</u>	<u>14,567</u>
	At 31 December 2019	<u>20,801</u>	<u>20,801</u>
Depreciation	At 1 November 2018	847	847
	<i>For the year</i>	<u>2,933</u>	<u>2,933</u>
	At 31 December 2019	<u>3,780</u>	<u>3,780</u>
Net Book Value	At 31 October 2018	5,386	5,386
	At 31 December 2019	17,021	17,021

2018/19 tangible fixed additions comprised the two new boilers £10,920, a new water heater £3,360 and a new printer £287. Depreciation comprised £2,933.

HOGARTH CHARITABLE TRUST COMPANY LIMITED

NOTES TO THE ACCOUNTS FOR THE 14-MONTH PERIOD ENDED 31 DECEMBER 2019

11. LICENSEE DEBTORS

	2018/19	2017/18
	£	£
Debtors	964	-45
Other Debtors	1,868	1,757
	<u>2832</u>	<u>1712</u>

Licensee debtors were £964 in comparison to the prior year balance of (£45), per the table below.

In 2019, the Charity incurred a material bad debt of £10,565 which was attributed entirely to a single licensee, Acola Kids Limited, which defaulted on their license agreement. All attempts to recover money owed by this licensee were unsuccessful and they were instructed to leave the Centre in December 2019. The company Acola Kids Limited is owned jointly by Laura Nemes and Coaston Ahumuza. Mr Ahumuza is the person cited as the individual with significant control of the company. He is also the majority owner of RCT Accountants Limited which is based in Richmond. Part of the bad debt was offset against a £5,000 provision taken in 2017/18.

Other debtors are prepayment made to PPL for the music license which runs to the end of September 2020 for £1,390 and insurance.

	2018/19	2017/18
	£	£
Dojo	334	0
Others	0	(45)
Little Forest Folk	50	0
Little Kickers	580	0
	<u>964</u>	<u>(45)</u>

HOGARTH CHARITABLE TRUST COMPANY LIMITED

NOTES TO THE ACCOUNTS FOR THE 14-MONTH PERIOD ENDED 31 DECEMBER 2019

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018/19	2017/18
	£	£
Trade Creditors	12,547	3,491
Accruals	2,243	16,309
Licensee Deposits	6,858	7,937
Other Creditors	535	2,039
	<u>22,183</u>	<u>29,776</u>

Trade creditors of £12,547 comprised Youth Workers December pay (£4,050), J'ABP (£761), SOS (£5,685), TGP (£1,398), and other smaller creditors. Accruals comprise the accountant's fee (£809), electricity (£125), LBH (£701) and the Youth Team Xmas party & related expenses (£611).

The licensee deposits of £6,858 comprise the following: Little Forest Folk (£2,380), Dojo (£1,011), Halls (£200), Chinese Medicine (£813), Fitnessology (£1,674), & Little Kickers (£780). Other creditors are LBH (£175) and a disputed invoice with TGP (£360) for gas.

13. NET ASSETS: ANALYSIS BY FUNDS

	Unrestricted Fund	Restricted Fund	Total
	£	£	£
Fixed Assets	0	17,021	17,021
Net Current Assets	<u>36,665</u>	<u>92,311</u>	<u>128,976</u>
Net Assets	<u>36,665</u>	<u>109,331</u>	<u>145,996</u>

14. UNRESTRICTED FUND: ANALYSIS

General Reserve Maintenance	General Reserve Expenses	Balance	Total
£	£	£	£
<u>4,125</u>	<u>4,125</u>	<u>27,592</u>	<u>31,717</u>

15. RESTRICTED FUND: ANALYSIS

At 1st November 18	108,288
Net Incoming Resources	<u>5,991</u>
Total	114,279
Transfer of Funds	
At 31 December 2019	<u>114,279</u>

HOGARTH CHARITABLE TRUST COMPANY LIMITED

NOTES TO THE ACCOUNTS FOR THE 14-MONTH PERIOD ENDED 31 DECEMBER 2019

16. CASH FLOW RECONCILIATION

	<u>Nov '18 - Dec 19</u>	<u>Nov '17 - Oct 18</u>
OPERATING ACTIVITIES		
Profit for the Year	67,784	-693
Adjustments to reconcile Net Income to net cash provided by operations:		
Accounts Receivable	-1,009	967
Depreciation - Equipment	2,933	20,061
Other debtors	1,758	-1,710
Prepayments	-1,868	0
Accounts Payable	9,055	2,320
Accruals	-14,066	15,500
Licensee Deposit	-1,079	7,557
Other Creditors	-1,504	-412
Net cash provided by Operating Act	<u>62,004</u>	<u>43,591</u>
INVESTING ACTIVITIES		
Fix Asset (F&F and Equipment)	-14,567	-6,234
Net cash provided by Investing Activities	<u>-14,567</u>	<u>-6,234</u>
Net cash increase for period	<u>47,438</u>	<u>37,357</u>
Cash at beginning of period	<u>100,889</u>	<u>63,532</u>
Cash at end of period	<u>148,327</u>	<u>100,889</u>

The increase in cash of £47,438 reflects the benefits of one-off transitional funding from LBH, increased donations, more efficient space utilisation by existing and new licensees and license fee increases. These factors helped to offset higher operating costs, primarily due to inflation, and increased fixed asset investment, primarily the new boiler.

As per Note 12, £6,858 of the period end cash is licensee deposits which may be returned to individual licensees if they choose to vacate the Centre without breach of contract.