

**EAST CLEVELAND MS HOME**

**TRUSTEES' REPORT AND  
STATEMENT OF ACCOUNTS**

**YEAR ENDED 30<sup>TH</sup> JUNE 2019**

**COMPANY LIMITED BY GUARANTEE  
(The Company does not have a share capital)**

**REGISTERED CHARITY NUMBER 519232  
COMPANY NUMBER : 2152724**

## EAST CLEVELAND MS HOME

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**EAST CLEVELAND MS HOME  
REPORT OF THE TRUSTEES  
FOR THE YEAR ENDED 30 JUNE 2019**

The East Cleveland MS Home is also known as the Ann Charlton Lodge.

The accounts have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the charities governing document, the Companies Act 2016 and "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 (FRS102) effective 1<sup>st</sup> January 2015.

**REFERENCE & ADMINISTRATIVE DETAILS**

Charity number 519232  
Company number 2152724

**Registered Office:** Edenhall Grove  
REDCAR  
TS10 4PR

**Trustees:**

The trustees are directors of the Company for the purpose of Company law. The trustees serving during the year and up to the date of this report:-

P W Wilson - Chairman  
C V Greenley – Secretary  
Mrs S Jackson-Wilson  
Mrs N L Tizard – Deputy Chairman  
Mrs R Hewitt  
M Thompson  
Mrs N Idle  
Mrs Deborah Dobbing (Appointed 16<sup>th</sup> October 2018)

**Honorary Secretary:** C V Greenley

**Bankers:** HSBC Bank PLC, 2 West Dyke Road, Redcar, TS10 1EA.  
Virgin Money plc, Jubilee House, Gosforth, NE3 4PL.  
Cambridge and Counties Bank, Charnwood Court, New Wark  
Leicester LE1 6TE.  
CAF Shawbrook Bank, Lutea House, Warley Hill Business Park,  
The Drive, Great Warley, Brentford, CM13 3BE

**Auditors:** Graham Fitzgerald  
Baldwins Audit Services,  
New Garth House,  
Upper Garth Gardens  
Guisborough TS14 6HA

**Solicitors:** Cygnet Law  
Portland House  
West Dyke Road  
REDCAR TS10 1DH

## **EAST CLEVELAND MS HOME**

### **REPORT OF THE TRUSTEES**

**FOR THE YEAR ENDED 30 JUNE 2019**

#### **STRUCTURE, GOVERNANCE & MANAGEMENT**

##### **Governing Document**

The charity is a charitable company limited by guarantee and was set up 7 May 1987. It is governed by a memorandum and articles of association. Its objects are to bring relief to the sufferers of Multiple Sclerosis and other diseases of the central nervous system in Cleveland and the surrounding area.

##### **Appointment of trustees**

As set out in the Articles of Association, trustees are appointed by the Board of Trustees and every year one third of the trustees shall retire from office and may put themselves forward for re-election at the Annual General Meeting. Also any new trustees elected during the year shall only hold office until the next following Annual General Meeting and shall then be eligible for re-election.

All members are circulated with invitations to nominate trustees prior to the AGM advising them of the retiring trustees and requesting nominations for the AGM.

The Trustees maintain an 'equal opportunity' policy whether it is age, sex, ethnicity or disability with regard to recruiting new Trustees and work to maintain a balance of experience and skills. All candidates are required to make a formal written application, giving the names of two suitable referees; they are also required to undergo an enhanced CRB check before being interviewed by a panel of Trustees who will assess the suitability of the candidate.

##### **Trustee induction and training**

New trustees undergo an orientation day to brief them on their legal obligations under charity and company law, the content of the Memorandum and Articles of Association, the committee and decision making processes, the business plan and recent financial performance of the charity. During the induction day they meet key employees and other trustees. Trustees are encouraged to attend appropriate external training events where these will facilitate the undertaking of their role.

##### **Organisation**

The board of trustees administers the charity. The Trustees meet every month except August and December to review operations and to make any decisions required on the running of the Home. Members of the Home guarantee to contribute an amount not exceeding £1 to the assets of the Home in the event of winding up. The total number of such guarantees at 30<sup>th</sup> June 2019 was 8 (2018 – 8).

##### **Investment Powers, Policy and Performance**

The Trustees investment powers are governed by the Memorandum and Articles of Association which permits the Home's funds not immediately required for its purposes to be invested in any such investments, securities or property as may be thought fit.

The Board's policy is to invest in high interest savings accounts and low risk investments, such as investment in a portfolio of stocks and shares in blue chip companies specially tailored for charitable companies.

The Home's investments have continued to be managed in conformity with our policy and the Memorandum and Articles of Association and their performance for the year has been in line with our expectations, thanks to the expert advice of our investment advisor and the close control exercised by the management team.

**EAST CLEVELAND M S HOME**  
**REPORT OF THE TRUSTEES (CONTINUED)**

**Risk Review**

Through the regular involvement in the management of the Home, the Trustees are aware of the risks involved in running the Home. Policies and procedures are in place to mitigate these risks. An annual budget for the year ahead is in place to guide the Trustees and is regularly reviewed. Internal risks are minimised by the implementation of procedures for the authorisation of all transactions and projects, to ensure the consistent quality of delivery for all operational aspects of the Lodge. These procedures are periodically reviewed to ensure that they still meet the needs of the Home and requirements of the regulatory body.

**Re-election of Trustees**

In accordance with clause 31 and 34 of the Articles of Association, the under mentioned resign as Trustees and offer themselves for re-election.

Mr P W Wilson

**OBJECTIVES**

**Objectives**

The Trust was established for the relief of sickness of persons suffering from Multiple Sclerosis in Cleveland and the surrounding area, through the provision of a residential care home offering long and short stay accommodation, together with day care facilities. The Trust is registered as a care home with nursing and currently looks after 23 residents and up to 2 respite clients at any one time.

The Trustees have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing its aims and objectives in planning its future activities.

**ACHIEVEMENTS & PERFORMANCE**

**Achievements during the Year**

The Trustees have been active in giving guidance where required on the Home's activities and business planning including monthly inspections of the Home where every facet of the day to day running of the organisation is scrutinised.

This has been the most difficult year for the Lodge since its inception. Sadly the improvements reported in last year's accounts to the delivery of care were not maintained. The Lodge received a poor CQC report and at the recommendation of the various outside agencies the Lodge was placed in the Serious Concerns Protocol on 5 June 2019. In order to keep the Lodge open and retain our current residents, the Trustees had to remove the Manager and Clinical Lead from their posts. Further to remedy the situation it was deemed necessary to bring in an Interim Manager who specialised in turning round care homes in this position.

The Trustees are pleased to report that in time for the AGM and at the time of filing these accounts with Companies House, the Lodge was lifted out of the SCP thanks to the sterling work of the interim manager with the support and commitment of the staff and Trustees. The latest CQC report shows the care home is now "good" in all 5 categories and "good" overall. A new management team is now in place.

However it is clear that in future the Trustees would need to undertake a far more rigorous audit when undertaking inspections to ensure there is no repeat of the problems reported above. After much deliberation and consultation with staff, residents and outside professional bodies the Trustees have taken the decision that the Lodge should be taken over by an outside care group who will bring a much more rigorous and professional approach to the running of a care home. Negotiations are ongoing to bring this about.

As usual much training has taken place and we have continued with our policy of encouraging staff to attain professional qualifications.

**EAST CLEVELAND M S HOME**  
**REPORT OF THE TRUSTEES (CONTINUED)**

**FINANCIAL REVIEW**

**Results**

The trust had a net outflow of resources amounting to £42566 with reserves now standing at £755399. This compares with a net outflow of £110091 in the previous trading year. Whilst this is a big improvement on the previous year, the Lodge's trading position is still weak. The underlying reason is that whilst the Lodge was placed under special means during the last 2 trading years, we were not in a position to put forward a business case for additional funding from the Council. Now that these issues have been resolved, the Lodge is in a position to seek improved funding. Once again there was a sharp rise in direct expenses in the form of wages due to the continuing government policy of a substantial rise in the Living Wage and consequently it was necessary to maintain pay differentials for those staff earning more than the living wage. The net result was a trading loss of £60174 compared to £130876 in the previous year.

The statement of Financial Activities on page 11 shows the Home's income and how it has been spent during the year. The Trustees are very grateful for the support received through the efforts of the staff entertainments committee which incorporates erstwhile members of the Friends, as well as other benefactors who have generously supported our work.

Despite the problems created by low interest rates and lack of adequate council funding, the finances of the Home are still looking reasonably healthy. There was a better than expected increase in funding by the local council and good support by way of donations and sponsorship. It is essential to maintain the continuing financial support of the public to maintain our excellent level of service. In addition to our savings and investments the Lodge also has adequate funds lodged with Thirteen Group to cover any major repairs or refurbishment to the external buildings.

**PLANS FOR FUTURE PERIODS**

**Future Strategy**

This financial year demonstrates once again the need for caution and careful control of expenditure. Our level of reserves still enables the Home to look forward in a positive way but the Trustees are aware of the need to improve results in future years. The Trustees will be making a strong business case to receive improved funding from Redcar & Cleveland Council. The Trustees continue to look at ways to reduce staffing costs through restructuring and efficiency savings and to have better systems in place to attract future clients. Further the Trustees are currently negotiating with a professional care group to take over the running of the Lodge.

**Reserves Policy - Funds**

Whilst it is most likely that the current level of reserves will be difficult to maintain over the short to medium term, the Trustees monitor closely the investment strategy to maximise income and protect, as far as is possible, the reserves so as to guarantee the future of the Ann Charlton Lodge for the foreseeable future. Prompt action will be taken should any adverse trend become apparent at any time in the future.

**EAST CLEVELAND M S HOME**  
**REPORT OF THE TRUSTEES (CONTINUED)**

**Statement of trustees Responsibilities for Preparing Accounts**

The Trustees (who are also Directors of the East Cleveland MS Home for the purposes of Charity and Company law) are responsible for preparing the Trustees Report and financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company and Charity law requires the Trustees to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Institution and of the incoming resources and application of the same, including income and expenditure, of the Institution for that period. In preparing those financial statements the Trustees are required to:

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

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Institution and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Institution and hence for taking reasonable steps for the prevention of fraud and other irregularities.

**Statement of Disclosure of Information to Auditors**

- There is no relevant audit information of which the company's auditors are unaware; and
- The trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

**Auditors**

Baldwins Audit Services were re-appointed as the Home's auditors during the year and have expressed their willingness to continue in that capacity.

Approved by the Trustees and signed on their behalf by:-

Chairman: P W Wilson .....

Dated

## **EAST CLEVELAND MS HOME**

### **INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF EAST CLEVELAND MS HOME FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2019**

#### **Opinion**

We have audited the financial statements of East Cleveland MS Home (the charitable company') for the year ended 30<sup>th</sup> June 2019 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and notes to the financial statements including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*] (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 30<sup>th</sup> June 2018 and of its incoming resources and application of resources including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Conclusions relating to going concern**

The assets, liabilities and activities of the company are expected to be transferred to another company within the next twelve months, after which the company will cease operations. The accounts have therefore been prepared on a break up basis. This has been referred to in the accounting policies.

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

## **EAST CLEVELAND MS HOME**

### **INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF EAST CLEVELAND MS HOME FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2019**

#### **Other information**

The trustees are responsible for the other information. The other information comprises the information included in the trustees annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the trustees' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the trustees report has been prepared in accordance with applicable legal requirements.

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

In the light of our knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the trustees' report and from the requirement to prepare a strategic report.

## **EAST CLEVELAND MS HOME**

### **INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF EAST CLEVELAND MS HOME FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2019**

#### **Responsibilities of trustees**

As explained more fully in the trustees' responsibilities statement set out on page 6, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

## **EAST CLEVELAND MS HOME**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EAST CLEVELAND MS HOME**

#### **Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Graham Fitzgerald BA FCA DChA  
Senior Statutory auditor  
For and on behalf of  
Baldwins Audit Services  
New Garth House  
Upper Garth Gardens  
Guisborough  
TS14 6HA

Date:.....

# EAST CLEVELAND MS HOME

## STATEMENT OF FINANCIAL ACTIVITIES (including Income & Expenditure Account)

YEAR ENDED 30<sup>TH</sup> JUNE 2019

	Note	Restricted Funds 2019 £	Unrestricted Funds 2019 £	Total Funds 2019 £	Total Funds 2018 £
<b>INCOME AND RECEIPT OF ENDOWMENT</b>					
<i><b>Income from Donations and Legacies:</b></i>					
Donations and Gifts		-	10777	10777	9438
<i><b>Income from charitable activities:</b></i>					
Fees for residential care		-	1141426	1141426	1048199
Day care		-	-	-	1157
<i><b>Income from other Trading Activities:</b></i>					
Catering and Other Income		-	527	527	524
Fundraising		-	-	-	-
<i><b>Investment income:</b></i>					
Dividends receivable	3	-	4449	4449	4395
Bank interest receivable	3	-	3599	3599	3801
<b>TOTAL INCOME</b>		-	1160778	1160778	1067514
<b>EXPENDITURE</b>					
<i><b>Charitable activities:</b></i>					
Direct Residential and day care costs		-	1197951	1197951	1176974
<i><b>Other Costs</b></i>		-	4176	4176	3782
<b>Total Expenditure</b>	4	-	1202127	1202127	1180756
<b>Net outgoing/incoming resources</b>		-	(41349)	(41349)	(113242)
Net (losses) gains on investments		-	(1217)	(1217)	3151
<b>Net movement in Funds</b>		-	(42566)	(42566)	(110091)
<b>Fund balances brought forward at 1<sup>st</sup> July 2018</b>		-	797965	797965	908056
<b>Fund balances carried forward at 30<sup>th</sup> June 2019</b>		-	755399	755399	797965

The statement of financial activities includes all gains and losses recognised in the year.  
All incoming resources and resources expended derive from continuing activities.  
The notes on pages 14 to 21 form part of these accounts.

# EAST CLEVELAND MS HOME

## BALANCE SHEET

AS AT 30<sup>TH</sup> JUNE 2019

	Note	£	2019 £	£	2018 £
<b>FIXED ASSETS</b>					
Tangible fixed assets	9		101263		124577
Investments	10		134357		135574
			<u>235620</u>		<u>260151</u>
<b>CURRENT ASSETS</b>					
Stocks	11	1200		1404	
Debtors	12	177002		137225	
Cash at bank and in hand	13	415888		467823	
			<u>594090</u>	<u>606452</u>	
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	14	(74311)		(68638)	
			<u>519779</u>	<u>538714</u>	
<b>NET CURRENT ASSETS</b>					
			<u>755399</u>	<u>797965</u>	
<b>NET ASSETS</b>					
			<u>755399</u>	<u>797965</u>	
<b>FUNDS</b>					
Restricted	15		-		-
Unrestricted	16		755399		797965
			<u>755399</u>	<u>797965</u>	

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime

The financial statements on pages 11 to 21 were approved and authorised for issue by the trustees on and signed on their behalf by:

P W Wilson .....

C V Greenley .....

### TRUSTEES

Dated

The notes on pages 13 to 21 form part of these accounts.

**EAST CLEVELAND MS HOME  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2019**

	Note	2019 £ £	2018
<b>Net cash flow from operating activities</b>	20	<u>(53689)</u>	<u>(115693)</u>
<b>Cash flow from investing activities</b>			
Payments to acquire tangible fixed assets		(6254)	(31333)
Receipts from sale of tangible fixed assets		-	250
Interest received		3559	3801
Dividends received		<u>4449</u>	<u>4395</u>
<b>Net cash flow from investing activities</b>		<u>1754</u>	<u>(22887)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		(51935)	(138580)
Cash and cash equivalents at 1 <sup>st</sup> July 2018		<u>467823</u>	<u>606403</u>
Cash and cash equivalents at 30 <sup>th</sup> June 2019		<u>415888</u>	<u>467823</u>
<b>Cash and cash equivalents consists of:</b>			
Cash at bank and in hand		<u>415888</u>	<u>467823</u>

**EAST CLEVELAND MS HOME**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2019**

**1. ACCOUNTING POLICIES**

**Charity Information**

East Cleveland MS Home is a private company limited by guarantee incorporated in England and Wales. The registered office is Edenhall Grove, Redcar, TS10 4PR. The charity constitutes a public benefit entity as defined by FRS102.

**Accounting convention**

These accounts have been prepared in accordance with FRS102 "The Financial Reporting Standard applicable in the UK and Ireland" ("FRS102"), "Accounting and Reporting by Charities" the Statement of Recommended Practice for Charities applying FRS102 and UK Generally Accepted Accounting Practice as it applies from 1<sup>st</sup> January 2015.

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

The accounts have been prepared under the historical cost convention modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

**Charitable Funds**

Unrestricted funds are available for use at the discretion of the trustees in the furtherance of their charitable objectives unless the funds have been designated for other purposes.

Restricted funds are subject to specific conditions by donors as to how they may be used. The purposes and uses of restricted funds are set out in the notes to the accounts.

**Incoming Resources**

Income is recognised when the charity is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that the income will be received.

Cash donations are recognised on receipt. Other donations are recognised once the charity has been notified of the donation, unless performance conditions require the deferral of the amount. Income tax recoverable in relation to donations received under gift aid or deeds of covenant is recognised at the time of donation.

Legacies are recognised on receipt or otherwise if the charity has been notified of an impending distribution, the amount is known and receipt is expected. If the amount is not known, the legacy is treated as a contingent asset.

Turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of VAT and other sales related taxes.

**EAST CLEVELAND MS HOME**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2019**

**1. ACCOUNTING POLICIES (Continued)**

**Tangible Fixed Assets**

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Conservatory & Staff Room Annexe	25 years
Gifted Assets	10 years
Fixtures, Fittings & Equipment	10 years
Motor Vehicle	25% reducing balance

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset and is recognised in the net income for the year.

Recoverable amount is the higher of fair value, less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than the carrying amount, the carrying amount of the asset is reduced to the recoverable amount immediately in income/expenditure for the year, unless the relevant asset is carried in at a revalued amount, in which case the impairment loss is treated as revaluation decrease.

Recognised impairment losses are reversed if and only if the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined if no carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately, unless the relevant asset is carried in at a revalued amount, in which case the reversal of the impairment loss is treated as revaluation increase.

**Investments**

Investments are recognised initially at fair value which is normally the transaction value excluding transaction costs. Subsequently, they are measured at fair value with changes recognised in "net gains / (losses) on investments" in the SOFA as the shares are publically traded and their fair value can be measured reliably.

**Stocks**

Stocks are stated at the lower of cost and estimated selling price less costs to sell. Cost comprises direct materials and where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition. Items held for distribution at no or nominal consideration are measured at cost. Net realisable value is the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

**EAST CLEVELAND MS HOME**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2019**

**1. ACCOUNTING POLICIES (Continued)**

**Basic Financial Assets**

Basic financial assets which include debtors, cash and bank balances, are initially measured at transaction price including transaction costs and subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of future receipts discounted at a market rate of interest. Financial assets classified as receivable within 1 year are not amortised.

**Basic Financial Liabilities**

Basic Financial Liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Financial liabilities classified as payable within 1 year are not amortised. Debt instruments are subsequently measured at amortised cost, using the effective interest method.

**Derecognition of financial liabilities**

Financial liabilities are derecognised when the charity's contractual obligations expire or are discharged or cancelled.

**Employee Benefits**

When employees have rendered service to the charity, short term benefits to which the employees are Entitled are recognised at the undiscounted amount expected to be paid in exchange for that service.

The charity operates a defined contribution plan for the benefit of its employees. Contributions are charged as they become payable.

**Going Concern**

The financial statements have not been prepared on a going concern basis as the trustees are in the process of agreeing the transfer of assets, liabilities and activities to another company. This is expected to take place in the next twelve months. The accounts have therefore been prepared on a break up basis, with all assets and liabilities expected to be transferred at their book value at that time.

**2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

In the application of the charity's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from those estimates.

The estimates and associated assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision effects only that period, or in the period of revision and future periods where the provision effects both current and future periods.

**EAST CLEVELAND MS HOME**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2019**

**3. INVESTMENT INCOME**

	<b>2019</b>	<b>2018</b>
	<b>Total</b>	<b>Total</b>
	<b>£</b>	<b>£</b>
Investment Income	4449	4395
Interest receivable	3559	3801
	<u>8008</u>	<u>8196</u>

**4. TOTAL RESOURCES EXPENDED**

	<b>Basis of allocation</b>	<b>Charitable activities</b>	<b>Other costs</b>	<b>2019</b>	<b>2018</b>
		<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Staff Costs	Staff time	916717	-	916717	892969
Rent & Rates	Direct	60089	-	60089	61180
Vehicle Expenses	Direct	6852	-	6852	5586
Insurance/Licence	Direct	9010	-	9010	7734
Catering	Direct	35701	-	35701	34006
Maintenance	Direct	44146	-	44146	46318
Medical Supplies	Direct	28814	-	28814	26912
Energy	Direct	33770	-	33770	30574
Administration	Direct	14830	-	14830	22556
Audit/Filing Fees	Direct	-	4176	4176	3782
Subscriptions	Direct	6754	-	6754	8084
Depreciation (including Loss on Disposal)	Direct	29568	-	29568	29065
Bad Debts	Direct	1912	-	1912	29065
Registration Fees	Direct	3744	-	3744	3416
Bank Charges	Direct	379	-	379	510
Miscellaneous	Direct	5665	-	5665	8064
<b>TOTAL RESOURCES EXPENDED</b>		<u>1197951</u>	<u>4176</u>	<u>1202127</u>	<u>1180756</u>

All of the expenditure in the current and prior year relates to unrestricted funds.

**5. NET INCOMING RESOURCES FOR THE YEAR**

This is stated after charging:

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Depreciation/loss on disposal of assets	29568	29065
Auditors remuneration	<u>4176</u>	<u>3782</u>

**EAST CLEVELAND MS HOME**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2019**

**6. TRUSTEES REMUNERATION, EXPENSES AND TRANSACTIONS**

The trustees neither received nor waived any emoluments during the year (2018: £ nil). There were no trustee expenses paid (2018: £ nil). No transactions with trustees or connected parties took place during the year (2018: £nil).

The Home is covered under its general insurance policy for any actions of its trustees.

**7. STAFF COSTS**

Staff costs were as follows:-

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Wages, Salaries, Agency and Training	871192	840540
Social Security Costs	37753	47850
Pension Costs	7772	4579
	<u>916717</u>	<u>892969</u>

No employee received emoluments of more than £60,000.

The average number of persons employed during the year, analysed by

	<b>Fulltime Equivalents</b>	
	<b>2019</b>	<b>2018</b>
Management and Administration	2	2
Catering	4	4
Domestic and Laundry	4	4
Nursing and Clinical Lead	7	7
Care Staff	21	21
Drivers	2	2
Gardner/Handyman	2	2
	<u>42</u>	<u>42</u>

**8. TAXATION**

The trust is a registered charity and as such is exempt from Income Tax, Corporation Tax or Capital Gains Tax on its charitable activities.

**EAST CLEVELAND MS HOME**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2019**

**9. TANGIBLE ASSETS**

	Staff Room Annexe £	Conservatory £	Fixtures, & Fittings Equipment £	Motor Vehicle £	Gifted Assets £	Total £
<b>COST</b>						
At 1 <sup>st</sup> July 2018	26856	43069	497364	44139	7260	618688
Additions	-	-	6254	-	-	6254
Disposal	-	-	(5176)	-	-	(5176)
At 30 <sup>th</sup> June 2019	<u>26856</u>	<u>43069</u>	<u>498442</u>	<u>44139</u>	<u>7260</u>	<u>619766</u>
<b>DEPRECIATION</b>						
At 1 <sup>st</sup> July 2018	22554	37906	399055	27336	7260	494111
Disposal	-	-	(3701)	-	-	(3701)
Charge for the year	1074	1723	21095	4201	-	28093
At 30 <sup>th</sup> June 2019	<u>23628</u>	<u>39629</u>	<u>416449</u>	<u>31537</u>	<u>7260</u>	<u>518503</u>
<b>NET BOOK VALUE</b>						
At 30 <sup>th</sup> June 2019	<u>3228</u>	<u>3440</u>	<u>81993</u>	<u>12602</u>	<u>-</u>	<u>101263</u>
At 30 <sup>th</sup> June 2018	<u>4302</u>	<u>5163</u>	<u>98309</u>	<u>16803</u>	<u>-</u>	<u>124577</u>

**10. INVESTMENTS**

	2019 £	2018 £
<b>Black Rock Investment - Listed</b>		
As at 1 <sup>st</sup> July 2018	135574	132423
Net unrealised investments funds losses/gains	<u>(1217)</u>	<u>3151</u>
<b>Market value 30<sup>th</sup> June 2019</b>	<u>134357</u>	<u>135574</u>
Historical cost as at 30 <sup>th</sup> June 2019	<u>95000</u>	<u>95000</u>

**11. STOCKS**

	2019 £	2018 £
Catering stocks	<u>1200</u>	<u>1404</u>

**EAST CLEVELAND MS HOME**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2019**

<b>12. DEBTORS</b>	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Trade Debtors	126973	97188
Prepayments	11542	10406
Accrued Income - Fees	37062	29438
Accrued Deposit Interest	-	193
Other Debtors	1425	-
	<u>177002</u>	<u>137225</u>
<b>13. BANK AND CASH</b>	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Current Account	75020	64233
Virgin Money	135935	200935
CAF (Shawbrook)	100000	100000
Cambridge & Counties	103240	101757
Cash in Hand	1693	898
	<u>415888</u>	<u>467823</u>
<b>14. CREDITORS</b>	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Amounts falling due within one year		
Trade Creditors	22291	15663
Social Security and other taxes	-	11424
Accruals	48880	38651
Other Creditors – Staff Christmas Club	3140	2900
	<u>74311</u>	<u>68638</u>

**15. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

	<b>Unrestricted Funds</b>	<b>Restricted Funds</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Tangible Fixed Assets	101263	-	101263
Investments	134357	-	134357
Net Current Assets	519779	-	522125
	<u>755399</u>	<u>-</u>	<u>757745</u>

**EAST CLEVELAND MS HOME**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2019**

<b>16. RESTRICTED FUNDS</b>	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
At beginning of Year	-	-
Transfer from income and expenditure account	-	-
	<u>-</u>	<u>-</u>

<b>17. UNRESTRICTED FUNDS</b>	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
At beginning of Year	797965	908056
Transfer from income and expenditure account	(42566)	(40220)
	<u>755399</u>	<u>757745</u>

**18. TRUSTEE CONTRIBUTION**

Every Member of the Trust undertakes to contribute to the assets of the Trust in the event of its being wound up, while he or she is a member, or within one year after he or she ceased to be a member, for payments of the debts and liabilities of the Trust contracted before he or she ceased to be a member, and of the costs, charges and expenses of winding up and for the adjustment or the rights of the contributories among themselves, such amount as may be required not exceeding one pound.

There are 8 members.

**19. RELATED PARTY TRANSACTIONS**

There were no transactions with related parties in the period that require disclosure under FRS102.

**20. RECONCILIATION OF NET INCOME/EXPENDITURE TO NET CASH FLOW FROM OPERATING ACTIVITIES**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Net expenditure/income for the year	(42566)	(110091)
Dividends Received	(4449)	(4395)
Interest Received	(3559)	(3801)
Depreciation and impairment of tangible fixed assets	28093	28746
Unrealised loss (gains) on Investments	1217	(3151)
Loss on disposal of tangible fixed assets	1475	319
Decrease/(Increase)/ in stock	204	(314)
(Increase) in debtors	(39777)	(33494)
Increase in creditors	5673	10488
<b>Net cash flow from operating activities</b>	<u>(53689)</u>	<u>(115693)</u>

**EAST CLEVELAND MS HOME**  
**INCOME AND EXPENDITURE ACCOUNT**  
**YEAR ENDED 30<sup>TH</sup> JUNE 2019**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
<b>INCOME</b>		
Residents' Fees	1141426	1048199
Day Care	-	1157
Catering Income	527	524
	<hr/>	<hr/>
<b>TOTAL INCOME</b>	<b>1141953</b>	<b>1049880</b>
	<hr/>	<hr/>
<b>DIRECT EXPENSES</b>		
Salaries, Wages & Oncosts	904818	885039
Bad Debts	1912	-
Staff Training	10639	6630
Catering Supplies	35701	34006
Staff Social Fund- Vouchers	1260	1300
	<hr/>	<hr/>
<b>TOTAL DIRECT EXPENSES</b>	<b>954330</b>	<b>926975</b>
	<hr/>	<hr/>
<b>GROSS SURPLUS</b>	<b>187623</b>	<b>122905</b>
	<hr/>	<hr/>
<b>OVERHEADS</b>		
<b>RENT AND RATES</b>		
Rent	51135	51135
Water Rates	7420	8575
General Rates	1534	1470
	<hr/>	<hr/>
	<b>60089</b>	<b>61180</b>
	<hr/>	<hr/>
<b>FEES AND INSURANCE</b>		
Audit and Accountancy Fees	4176	3782
Subscriptions	6754	8084
Bank Charges	379	510
Insurance	8476	7131
Registration Fees	3744	3416
TV Licences	534	603
	<hr/>	<hr/>
	<b>24063</b>	<b>23526</b>
	<hr/>	<hr/>
<b>VEHICLE EXPENSES</b>		
Fuel and Oil	2626	1904
Repair	1586	942
Tax and Insurance	2361	2260
Miscellaneous and Travel	279	480
	<hr/>	<hr/>
	<b>6852</b>	<b>5586</b>
	<hr/>	<hr/>

**EAST CLEVELAND MS HOME**  
**INCOME AND EXPENDITURE ACCOUNT**  
**YEAR ENDED 30<sup>TH</sup> JUNE 2019**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
<b>CLEANING AND MEDICAL SUPPLIES</b>		
Laundry Supplies	1634	954
Cleaning Materials	11867	10025
Medical Consumables	15313	15933
	<u>28814</u>	<u>26912</u>
<b>MAINTENANCE</b>		
Maintenance Agreements/Call outs	15969	20548
Premises Repairs and Maintenance	10938	7577
Office Equipment Repair	4323	8033
Garden Maintenance	795	1826
Repair Materials	3072	4939
Window Cleaning	1296	1404
Refuse Collection	12076	10024
	<u>48469</u>	<u>54351</u>
<b>ENERGY</b>		
Electricity	20591	16998
Gas	13179	13576
	<u>33770</u>	<u>30574</u>
<b>ADMINISTRATION</b>		
Telephone and Internet	3626	7560
Advertising	78	-
Stationery	2796	2424
Postage	300	407
Publications	539	572
Equipment Rental	3167	3560
	<u>10506</u>	<u>14523</u>
<b>MISCELLANEOUS</b>		
Teaching Class Supplies	3	390
Miscellaneous/Newspapers	3403	4740
Staff Uniforms	1533	1240
Towels and Bedding	576	600
Savings Club Overpaid	-	800
Aquarium Maintenance and supplies	151	294
	<u>5666</u>	<u>8064</u>

**EAST CLEVELAND MS HOME**  
**INCOME AND EXPENDITURE ACCOUNT**  
**YEAR ENDED 30<sup>TH</sup> JUNE 2019**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
<b>OTHER EXPENSES</b>		
Depreciation/Loss on Sale	29568	29065
	<u>29568</u>	<u>29065</u>
<b>TOTAL OVERHEADS</b>	<u>247797</u>	<u>253781</u>
<b>TRADING DEFICIT</b>	<u>(60174)</u>	<u>(130876)</u>
<b>OTHER INCOME</b>		
Dividends Received	4449	4395
Donations Received	10777	9438
Deeds of Covenant	-	-
Fundraising	-	-
Bank Interest Received	3599	3801
	<u>(41349)</u>	<u>(113242)</u>
<b>(Loss) Gain on investments unrealised</b>	<u>(1217)</u>	<u>3151</u>
<b>NET SURPLUS/DEFICIT</b>	<u>(42566)</u>	<u>(110091)</u>