

EAST CLEVELAND MS HOME

**TRUSTEES' REPORT AND
STATEMENT OF ACCOUNTS**

YEAR ENDED 30TH JUNE 2020

**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 2020**

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 1st January 2019

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 (resigned 16/12/19)
Mrs N L Tizard – Deputy Chairman (resigned

16/12/19)

Mrs R Hewitt
M Thompson
Mrs N Idle (resigned 16/12/19)
Mrs Deborah Dobbing

Honorary Secretary:

C V Greenley

Bankers:

HSBC Bank PLC, 2 West Dyke Road, Redcar, TS10 1EA.
Virgin Money plc, Jubilee House, Gosforth , NE3 4PL.

Auditors:

Graham Fitzgerald
Azets Audit Services,
New Garth House ,
Upper Garth Gardens
Guisborough TS14 6HA

Solicitors:

Cygnets Law
Portland House
West Dyke Road
REDCAR TS10 1DH

EAST CLEVELAND MS HOME
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 30 JUNE 2020

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 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 30th June 2020 was 5 (2019 – 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.

Mrs R Hewitt

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 once again been the most difficult year for the Lodge since its inception. The Lodge received a poor CQC report the previous financial year 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, however, to report that the Lodge was lifted out of the SCP in December 2019 thanks to the sterling work of the interim manager with the support and commitment of the staff and Trustees. The latest CQC inspection in January 2020 shows the care home is now “good” in all 5 categories and “good” overall. A new management team was put in place in January 2020 to replace the interim manager, David Bateman who has the grateful thanks of the Trustees.

However it was made clear that going forward 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 took the decision that the Lodge should be taken over by an outside care group who would bring a much more rigorous and professional approach to the running of a care home. Sadly, the company that the Trustees were negotiating with pulled out in November 2020. In view of this the decision was made to strengthen the existing Board of Trustees.

In March 2020 the Home was placed in lockdown due to the coronavirus. This was extremely well managed to the extent that none of the Home’s residents contracted Covid-19.

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

FINANCIAL REVIEW

Results

The trust had a net outflow of resources amounting to £260,008 with reserves now standing at £495,391. This compares with a net outflow of £42,566 in the previous trading year. The reasons for this severe decline are twofold. Whilst under the SCP the Home was not allowed to take in new residents or respite care which badly affected income whilst at the same time the Trustees had to recruit an interim manager at great cost plus a great deal of agency staff. Secondly just when the Home had lifted itself out of the SCP, Covid-19 arrived which once again meant that the Home was not allowed to take in new residents or respite care adversely affecting income. Whilst Redcar Council provided IPC grants amounting to £40,484 to help cover extra staffing costs as a result of staff absences caused by Covid, during the year there were at least 3 rooms regularly unoccupied, thus affecting fee income by some £150k. The net result was a trading loss of £276,651 compared to £60,174 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.

After three poor trading years, the Lodge's finances have come under great strain. The Lodge has always needed almost full occupancy to break even and voids will continue to be a problem whilst the Covid pandemic persists. Without improved funding from the Council, the Lodge is no longer a going concern. This has been recognized by Redcar & Cleveland Council who have assured the Trustees that appropriate funding will be put in place to meet ongoing costs now and into the future so that the service will remain viable and stable. Meanwhile, It is essential to maintain the continuing financial support of the public to maintain our excellent level of service and more focus is being placed on increased sponsorship and fundraising. In addition to our savings 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 are much depleted and much will depend on improved funding from Redcar & Cleveland Council, especially during the continuing Covid pandemic, and the continuation of IPC grants to cover additional staff costs during the Covid pandemic. The Trustees continue to look at ways to reduce staffing costs through restructuring and efficiency savings and to have better systems in place, including a new website, to attract future clients. Further the Trustees are working hard to strengthen the Board of Trustees with a view to bring in more expertise and new ideas including increased focus on fundraising.

Reserves Policy - Funds

Whilst the Lodge continues to see a decline in its level of reserves, the Trustees monitor closely the investment strategy to maximise income and protect, as far as is possible, these reserves so as to guarantee the future of the Ann Charlton Lodge for the foreseeable future. Prompt action is taken to address adverse trends.

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

Azets 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 30TH JUNE 2020

Opinion

We have audited the financial statements of East Cleveland MS Home (the charitable company') for the year ended 30th June 2020 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 30th June 2020 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 30TH JUNE 2020

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.

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF EAST CLEVELAND MS HOME FOR THE YEAR ENDED 30TH JUNE 2020

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
Azets 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 30TH JUNE 2020

	Note	Restricted Funds 2020 £	Unrestricted Funds 2020 £	Total Funds 2020 £	Total Funds 2019 £
INCOME AND RECEIPT OF ENDOWMENT					
<i>Income from Donations and Legacies:</i>					
Donations and Gifts		-	12563	12563	10777
Grants Receivable		12033	28451	40484	-
<i>Income from charitable activities:</i>					
Fees for residential care		-	1154458	1154458	1141426
<i>Income from other Trading Activities:</i>					
Catering and Other Income		-	693	693	527
<i>Investment income:</i>					
Dividends receivable	3	-	1100	1100	4449
Bank interest receivable	3	-	2149	2149	3599
TOTAL INCOME		<u>12033</u>	<u>1199414</u>	<u>1211447</u>	<u>1160778</u>
EXPENDITURE					
Charitable activities:					
Direct Residential and day care costs		12033	1448853	1460886	1197951
Other Costs		-	11400	11400	4176
Total Expenditure	4	<u>12033</u>	<u>1460253</u>	<u>1472286</u>	<u>1202127</u>
Net outgoing/incoming resources		-	(260839)	(260839)	(41349)
Net gains (losses) on investments		-	831	831	(1217)
Net movement in Funds		-	(260008)	(260008)	(42566)
Fund balances brought forward at 1st July 2019		-	-	755399	755399
		797965			
Fund balances carried forward at 30th June 2020		-	-	495391	495391
		755399			

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 30TH JUNE 2020**

	Note	2020	2019
		£	£
FIXED ASSETS			
Tangible fixed assets	9	97740	101263
Investments	10	-	134357
		<u>97740</u>	<u>235620</u>
CURRENT ASSETS			
Stocks	11	1023	1200
Debtors	12	178738	177002
Cash at bank and in hand	13	297956	415888
		<u>477717</u>	<u>594090</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	14	(80066)	(74311)
		<u>477717</u>	<u>594090</u>
NET CURRENT ASSETS		<u>397651</u>	<u>519779</u>
NET ASSETS		<u><u>495391</u></u>	<u><u>755399</u></u>
FUNDS			
Restricted	15	-	-
Unrestricted	16	495391	755399
		<u>495391</u>	<u>755399</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 30TH JUNE 2020**

	Note	2020	2019
		£	£
Net cash flow from operating activities	20	(234349)	(53689)
		<u> </u>	<u> </u>
Cash flow from investing activities			
Payments to acquire tangible fixed assets		(22020)	(6254)
Receipts from sale of investments		135188	-
Interest received			2149
3559			
Dividends received		1100	4449
		<u> </u>	<u> </u>
Net cash flow from investing activities		116417	1754
		<u> </u>	<u> </u>
Net increase/(decrease) in cash and cash equivalents		(117932)	(51935)
Cash and cash equivalents at 1 st July 2019		415888	467823
		<u> </u>	<u> </u>
Cash and cash equivalents at 30 th June 2020		297956	415888
		<u> </u>	<u> </u>
Cash and cash equivalents consists of:			
Cash at bank and in hand		297956	415888
		<u> </u>	<u> </u>

**EAST CLEVELAND MS HOME
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2020**

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 effective 1st 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 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.

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EAST CLEVELAND MS HOME
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2020

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.

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EAST CLEVELAND MS HOME
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2020

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 carries 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 30TH JUNE 2020

3. INVESTMENT INCOME

	2020	2019
	Total	Total
	£	£
Investment Income	1100	4449
Interest receivable	2149	3559
	<u>3249</u>	<u>8008</u>

4. TOTAL RESOURCES EXPENDED

	Basis of allocation	Charitable activities	Other costs	2020	2019
		£	£	£	£
Staff Costs	Staff time	1146413	-	1146413	916717
	Rent & Rates		54535	-	54535
60089					
Vehicle Expenses	Direct	6645	-	6645	6852
Insurance/Licence	Direct	9876	-	9876	9010
Catering	Direct	35514	-	35514	35701
Maintenance	Direct	50071	-	50071	44146
Medical Supplies	Direct	43856	-	43856	28814
Energy	Direct	38602	-	38602	33770
Administration	Direct	26527	-	26527	14830
Audit/Accountancy	Direct	-	11400	11400	4176
Subscriptions	Direct	9988	-	9988	6754
Depreciation (including					
Loss on Disposal)	Direct	25543	-	25543	29568
Bad Debts	Direct	-	-	-	1912
Registration Fees	Direct	3310	-	3310	3744
Bank Charges	Direct	247	-	247	379
Miscellaneous	Direct	9759	-	9759	5665
		<u>1460886</u>	<u>11400</u>	<u>1472286</u>	<u>1202127</u>
TOTAL RESOURCES EXPENDED		<u>1460886</u>	<u>11400</u>	<u>1472286</u>	<u>1202127</u>

Of expenditure of £1472286 (2019:£1202127) £1460253 (2019:£1202127) related to unrestricted and £12033 (2019: £NIL) related to restricted funds.

5. NET INCOMING RESOURCES FOR THE YEAR

This is stated after charging:

	2020	
	£	£
Depreciation/loss on disposal of assets	25543	29568
Auditors remuneration	3810	4176
Other Accountancy fees	7437	-
	<u>32790</u>	<u>33744</u>

EAST CLEVELAND MS HOME
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2020

6. TRUSTEES REMUNERATION, EXPENSES AND TRANSACTIONS

The trustees neither received nor waived any emoluments during the year (2019: £ nil). There were no trustee expenses paid (2019: £ nil). No transactions with trustees or connected parties took place during the year (2019: £nil).

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

7. STAFF COSTS

Staff costs were as follows:-

	2020	2019
	£	£
Wages, Salaries, Agency and Training	1086990	871192
Social Security Costs	49005	37753
Pension Costs	10418	7772
	<u>1146413</u>	<u>916717</u>

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

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

	Fulltime Equivalents	
	2020	2019
Management and Administration	2.5	2
Catering	3.5	4
Domestic and Laundry	4	4
Nursing and Clinical Lead	8	7
Care Staff	20	21
Drivers	1	2
Gardner/Handyman	1.5	2
	<u>40.5</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 30TH JUNE 2020

9. TANGIBLE ASSETS

	Staff Room Annexe £	Conservatory £	Fixtures, & Fittings & Equipment £	Motor Vehicle £	Gifted Assets £	Total £
COST						
At 1 st July 2019	26856	43069	498442	44139	7260	619766
Additions	-	-	22020	-	-	22020
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 30 th June 2020	26856	43069	520462	44139	7260	641786
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
DEPRECIATION						
At 1 st July 2019	23628	39629	416449	31537	7260	518503
Charge for the year	1074	1723	19596	3150	-	25543
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 30 th June 2020	24702	41352	436045	34687	7260	544046
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
NET BOOK VALUE						
At 30 th June 2020	2154	1717	84417	9452	-	97740
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 30 th June 2019	3228	3440	81993	12602	-	101263
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

10. INVESTMENTS

	2020 £	2019 £
Black Rock Investment - Listed		
As at 1 st July 2019	134357	135574
Net funds investments funds gains/(losses)	831	(1217)
Disposal	(135188)	-
	<hr/>	<hr/>
Market value 30th June 2020	-	134357
	<hr/>	<hr/>
Historical cost as at 30 th June 2020	-	95000
	<hr/>	<hr/>

11. STOCKS

	2020 £	2019 £
Catering stocks	1023	1200
	<hr/>	<hr/>

EAST CLEVELAND MS HOME
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2020

12. DEBTORS **2020**
2019

	£	£
Trade Debtors	153012	126973
Prepayments	14026	11542
Accrued Income - Fees	-	37062
Other Debtors	11700	1425
	<u>178738</u>	<u>177002</u>

13. BANK AND CASH **2020** **2019**

	£	£
Current Account	111425	75020
Virgin Money	185935	135935
CAF (Shawbrook)	-	100000
Cambridge & Counties	-	103240
Cash in Hand	596	1693
	<u>297956</u>	<u>415888</u>

14. CREDITORS **2020** **2019**

	£	£
Amounts falling due within one year		
Trade Creditors	21355	22291
Social Security and other taxes		
-		
Accruals	53396	48880
Other Creditors - Staff Christmas Club	5315	3140
	<u>80066</u>	<u>68638</u>

15. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted Funds	Restricted Funds	Total
	£	£	£
Tangible Fixed Assets	97740	-	97740
Net Current Assets	397651	-	397651
	<u>495391</u>	<u>-</u>	<u>495391</u>

EAST CLEVELAND MS HOME
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2020

16. RESTRICTED FUNDS	2020	2019
	£	£
At beginning of Year	-	-
Incoming Resources	12033	-
Resources expended	(12033)	-
	<hr/>	<hr/>
	-	-
	<hr/>	<hr/>

Purpose of Restricted Funds

The restricted funds relate to amount received from Redcar and Cleveland Borough Council in respect of Inspection control grants.

17. UNRESTRICTED FUNDS	2020	2019
	£	£
At beginning of Year	755399	797965
Incoming Resources	1200245	1160778
Resources expended	(1460253)	(1203344)
	<hr/>	<hr/>
	495391	755399
	<hr/>	<hr/>

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

	2020	2020
2019	£	£
Net expenditure/income for the year	(260008)	(42566)
Dividends Received	(1100)	(4449)
Interest Received	(2149)	(3559)
Depreciation and impairment of tangible fixed assets	25543	28093
Gain on disposal on Investments	(831)	-
Unrealised loss on investments	-	1217
Loss on disposal of tangible fixed assets	-	1475
Decrease/(Increase)/ in stock	177	204
(Increase) in debtors	(1736)	(39777)
Increase in creditors	5755	5673
	<hr/>	<hr/>

Net cash flow from operating activities

(234349)

(53689)

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EAST CLEVELAND MS HOME

INCOME AND EXPENDITURE ACCOUNT

YEAR ENDED 30TH JUNE 2020

	2020	2019
	£	£
INCOME		
Residents' Fees 1141426		1154458
Grants	40484	-
Catering Income 527		693
TOTAL INCOME 1141953		1195635
DIRECT EXPENSES		
Salaries, Wages & Oncosts	1131251	904818
Bad Debts	-	1912
Staff Training	14022	10639
Catering Supplies	35514	35701
Staff Social Fund 1260	- Vouchers	1140
TOTAL DIRECT EXPENSES	1181927	954330
GROSS SURPLUS	13708	187623
OVERHEADS		
RENT AND RATES		
Rent	51135	51135
Water Rates	1797	7420
General Rates	1603	1534
	54535	60089
FEES AND INSURANCE		
Audit and Accountancy Fees	11400	4176
Subscriptions	9988	6754
Bank Charges	247	379
Insurance	9529	8476
Registration Fees 3744		3310
TV Licences	347	534
	34821	24063

VEHICLE EXPENSES

Fuel and Oil	1880	2626
Repair	1196	1586
Tax and Insurance	2190	2361
Miscellaneous and Travel	1379	279
	<u>6645</u>	<u>6852</u>

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EAST CLEVELAND MS HOME
INCOME AND EXPENDITURE ACCOUNT
YEAR ENDED 30TH JUNE 2020

	2020	2019
	£	£
CLEANING AND MEDICAL SUPPLIES		
Laundry Supplies	5576	1634
Cleaning Materials	9089	11867
Medical Consumables	29191	15313
	<u>43856</u>	<u>28814</u>
MAINTENANCE		
Property & Equipment Repairs	39169	32070
Office Equipment Repair	9961	4323
Refuse Collection		10902
12076		
	<u>60032</u>	<u>48469</u>
ENERGY		
Electricity & Gas	38602	33770
	<u>38602</u>	<u>33770</u>
ADMINISTRATION		
Telephone and Internet	10234	3626
Advertising	1405	78
Stationery	4005	2796
Postage	125	300
Publications		
539		
Equipment Rental		797
3167		
	<u>16566</u>	<u>10506</u>
MISCELLANEOUS		
Teaching Class Supplies	-	3
Miscellaneous/Newspapers	4172	3403

Staff Uniforms	2894	1533
Towels and Bedding	1041	576
Resident Spending	1530	-
Aquarium Maintenance and supplies	122	151
	<u>9759</u>	<u>5666</u>

EAST CLEVELAND MS HOME
INCOME AND EXPENDITURE ACCOUNT
YEAR ENDED 30TH JUNE 2020

	2020	2019
	£	£
OTHER EXPENSES		
Depreciation/Loss on Sale		25543
29568	<u> </u>	<u> </u>
		25543
29568	<u> </u>	<u> </u>
TOTAL OVERHEADS	<u>290359</u>	<u>247797</u>
TRADING DEFICIT	<u>(276651)</u>	<u>(60174)</u>
OTHER INCOME		
Dividends Received	1100	4449
Donations Received	12563	10777
Bank Interest Received	2149	3599
		<u> </u>
	<u>(260839)</u>	<u>(41349)</u>
Gain/Loss on investments	<u>831</u>	<u>(1217)</u>
NET DEFICIT	<u>(260008)</u>	<u>(42566)</u>

