

REGISTERED COMPANY NUMBER: 03267791 (England and Wales)
REGISTERED CHARITY NUMBER: 1059064

Report of the Trustees and
Audited Financial Statements for the Year Ended 31 March 2019
for
The Chester Link
(A Company Limited by Guarantee)

The Chester Link

Contents of the Financial Statements
for the Year Ended 31 March 2019

	Page
Reference and Administrative Details	1
Report of the Trustees	2 to 8
Report of the Independent Auditors	9 to 10
Statement of Financial Activities	11
Balance Sheet	12 to 13
Cash Flow Statement	14
Notes to the Cash Flow Statement	15
Notes to the Financial Statements	16 to 23

The Chester Link

Reference and Administrative Details
for the Year Ended 31 March 2019

TRUSTEES

Mr R J Causer (Chairman)
Mr J A Dick (Treasurer)
Miss K A Robertson
Miss S B Bell (resigned 20/9/18)
Miss H Caley
Miss R L Causer
Ms K Sinclair

COMPANY SECRETARY

Miss K A Robertson

REGISTERED OFFICE

Queens House
Queens Road
Chester
Cheshire
CH1 3BQ

REGISTERED COMPANY NUMBER

03267791 (England and Wales)

REGISTERED CHARITY NUMBER

1059064

AUDITORS

Johnstone Howell & Co
Statutory Auditors
104 Whitby Road
Ellesmere Port
Cheshire
CH65 0AB

SOLICITORS

Aaron and Partners
5 - 7 Foregate Street
Chester
CH1 1HG

ACCOUNTANTS

Copplestone Unsworth & Co.
99 Greenfield Business Centre
Holywell
CH8 7GR

The Chester Link

Report of the Trustees
for the Year Ended 31 March 2019

The trustees who are also directors of the charity for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the year ended 31 March 2019. The trustees have adopted the provisions of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015).

The Chester Link

Report of the Trustees for the Year Ended 31 March 2019

OBJECTIVES AND ACTIVITIES

Objectives and aims

Mission Statement

Chester Link supports individuals with learning disabilities to lead independent and fulfilling lives by facilitating and providing person-centred high quality care.

The strategic aims are to:

Ensure that our most important responsibility is to service users.

Work to promote the independence, choices, rights and responsibilities of service users. We will listen to service users to develop and provide services, activities, support and opportunities that are in direct response to their expressed or identified needs. We will ensure that service users are involved in the decisions that affect them whenever possible. We will encourage service users to speak up on their own behalf and use Advocacy Services as appropriate.

Value our staff, ensuring that they are well trained, informed and involved in the organisation's development, ensuring that we follow best practice.

Involve service user's families because it is fundamental to the way we work.

Work within a framework of regularly reviewed policies, informed decision making and high quality, professional standards of service delivery.

Work in partnership with other organisations to secure the best response to the needs of our service users.

The Charitable Company supports fourteen people in four properties in Chester opened in 1999, 2002, 2007 and June 2018. At all properties a staff team is employed on a rota to ensure the provision of support services that are tailor made to meet the needs of each service user. The houses are run as 'family' homes, with service users taking responsibility for their share of household chores. Service users are charged for the services they receive and use their benefits to pay for supported accommodation and care.

Main Objectives for the year 2018/19

Service Users

Emphasis continues to be on the improvements to services to service users as their individual needs and abilities change. In 2018/19 Chester Link had just one change to its service users in the year following the death of a long-standing service user following a short illness.

The Charity provides service users with three services - housing, care and support.

Staff manage changes in the availability of services from outside agencies on an ongoing basis. The Charity continues to work with Cheshire West and Chester Council.

The Charity has a strategy to enhance the quality of service users' accommodation through its cyclical maintenance programme, which includes upgrades to bedroom and bathroom facilities for service users and to maintain the high standard of general upkeep of the properties.

Service users maintain their own independent living supported by our staff teams. This has resulted in individual and small group holidays being taken throughout the year, supported by a regular programme of activities for those service users who wish to participate. These have been undertaken in the Chester Link properties and within the wider community of Chester.

On 1 April 2012 the Charity commenced a service to provide a domiciliary service to a local service user and this service continued throughout 2018/19.

Staff

Staff teams continue to be stable with some small changes in the year. The Charity's staff turnover is significantly below the average turnover of social care staff across the sector/country. The Charity's investment in staff education, training and development continues to be an important aspect of our endeavours to show demonstrable benefits to the service needs of service users, and it is a measure of the Charity's appreciation of the contribution made by staff in achieving the Charity's aims.

OBJECTIVES AND ACTIVITIES

Objectives and aims

All staff have their own personal development plans that are used to direct individual training programmes to meet their training needs. These plans are the basis under which staff receive continuous professional development as well as company-wide training on subjects such as medicines management. Under the direction of our Service Manager, a Team Leader coordinates and manages the daily activities of service users and staff.

Operational policy documents required by employment, housing, care and support agencies continue to be subject to review in line with company's policy review timetable.

Management

Service users and staff teams have regular meetings and each House Team meets regularly with the Service Manager. The minutes of both sets of meetings are summarised and any emerging issues are shared with the Board to enable immediate concerns to be addressed.

The management sub-committee, led by the Chairman, meets and prepares reports for the Trustees as required.

Public Benefit

The Trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on Public Benefit when reviewing the Charity's aims and objectives and in planning its future activities.

STRATEGIC REPORT

Financial review

Financial position

The trustees note the financial results of the year. This year has seen a small surplus of overall income set against overall expenditure levels. Set against the small surplus the charity has sought to maintain a programme of refurbishment and upgrades to property to maintain the high standards the charity has set for its service users' accommodation. The charity retains its cost commitment in investing in high quality staff training far above the mandatory levels set and is bespoke around the needs of the service users.

The Charity had total incoming resources in the year of £622,892 (2018 £611,405) and resources expended of £577,089 (2018 £569,671) which has resulted in net incoming resources of £45,803 (£41,734), which after transfers to designated funds left a surplus of £19,162 (2018 £20,336).

The Trustees consider that the income resources in the foreseeable future will finance the ordinary activities of the Charity.

Resources expended

The provision of accommodation and support services for our service users is the expenditure of the charity.

The mortgage loans, from the charity's bankers HSBC Bank plc, are secured on the freehold properties.

During the year the Trustees decided to allocate funds to a new designated account - Capital Support Fund - in order to be able to financially support any service user facing financial difficulties following changes in their benefits. By the year end grants of £73 had been made.

The Chester Link

Report of the Trustees for the Year Ended 31 March 2019

STRATEGIC REPORT

Financial review

Reserves policy

The Trustees have reviewed the reserves of the charity. This review encompassed the nature of the income and expenditure of the charity, and the need to match variable income with fixed commitments and the nature of the reserves. The review concluded that to allow the charity to be managed efficiently and to provide a buffer for uninterrupted services, a general reserve equivalent to £300,000 should be maintained. This equates to approximately six months of annual expenditure.

During the year the charity's general reserve increased by £19,162 to £412,770 at the year end. The trustees will be regularly reviewing the charity's reserve requirements to ensure that they are in line with the charity's activities and provide greater cover of the annual expenditure.

The National Lottery Charities Board provided a significant start-up grant in 1998 of £109,480, which contributed towards initial operating funding and the purchase of the first property. This is held in a restricted fund.

The charity has designated funds at 31 March 2019 of £1,205,080 (2018 £1,287,439) as set out in note 19 to the accounts.

The value of The Gables, professionally valued at 23 February 2018 at £575,000, has been reduced in value by £109,000 to £466,000 to reflect its current market value. The Revaluation Reserve stands at £532,078 (2018 £641,078).

The movements in fixed assets are set out in the notes to the financial statements.

Income generation and reserves

Income generation

The Charity receives its income either directly from the service users or from Cheshire West and Chester Council.

Donations from individuals and charities continue to be received and Chester Link is grateful for all donations received. In 2018/19 the Charity continued with its fundraising work to generate additional funds to enhance service users' activities.

The Chester Link

Report of the Trustees for the Year Ended 31 March 2019

STRATEGIC REPORT

Corporate priorities for 2018/2019 and beyond

In May 2016 the company finished a three year business planning process which was supported by a volunteer from Chester Voluntary Action and a full report was received and approved by the Board on 9 May 2016.

The key findings and priorities for the company are identified as:

The company acknowledges that it is in a continually changing environment and must adapt to ensure that it continues to be successful. The changes are predominantly that, as the existing cohort of service users age and market demand rises for individual housing units (i.e. each individual having his/her 'own front door'), the company must review its housing provision to ensure that (a) the changing needs of service users are adequately met and (b) it can attract new, replacement service users in the future.

All trustees and management acknowledge the need to take action with regards to the existing housing. The new Business Plan proposed an action plan to achieve progress. Given the timescales of the business plan and the changing needs of the service users the Board have agreed that the Business Plan requires to be refreshed, and working with Chester Voluntary Action a new volunteer has been identified who has agreed to support the Board in this task which will be undertaken during the 2019/20 financial year.

The development of a partnership working with a North West Housing Association was ended in the year and the charity has already met with another Housing Association with a view to a joint working in the future.

In the Annual Report for 2017/18 reference was made to the changing needs of service users at one of the properties - The Gables. On 8 June 2018 Chester Link purchased a new property for one service user to meet their needs. This has been a successful transition into the new home for the service user concerned. For the remaining five service users from The Gables a new property was purchased close to the existing property which is a modernised converted house for our service users. This move took place in September 2018 and again it has been a successful move for all concerned.

The Gables property remains on the housing market after a number of potential sales fell through at the last minute. At the time of writing this report the house has an offer from a potential buyer and the Board hopes for a quick sale.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

The Charity is a charitable company limited by guarantee incorporated on 24 October 1996. It is governed by a Memorandum and Articles of Association.

The Charitable Company's objectives are:

- (a) the relief of persons with learning disabilities, and of the families of such persons, in particular through the promotion and provision of supported accommodation; and
- (b) the promotion and provision of care and support for persons with learning disabilities particularly facilities which lead to self-reliance and independent living within the community.

Election and Role of Trustees

The charity has adopted the "Trustee Model", whereby the charity's trustees are the voting members of the organisation and the Board of Directors.

New trustees are supported through an induction process, which includes a presentation, planned visits to each department of the organisation, plus written material giving additional background information and outlining the responsibilities as a trustee.

The Board of Trustees is responsible for the overall governance and direction of the charity, with day-to-day operational management delegated to the service manager, Mrs Anna Macleese.

The trustee directors meet three/four times each year and at other times as the business demands.

No director/trustee has any beneficial interest in the Company. The subscribing members of the Company undertook to contribute £1 each in the event of a winding up.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Organisational structure

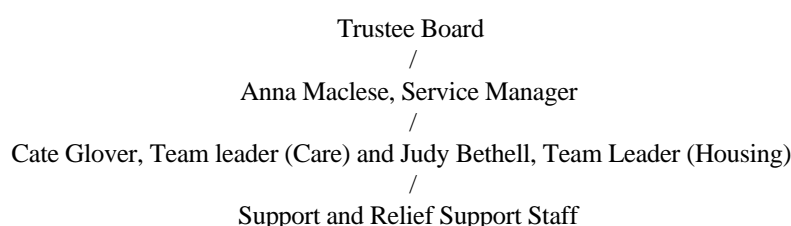
Following the 2016/17 governance and management structure review to ensure that it was fit for purpose, the management and staff structure remains the same for 2018/19 and is as follows:

Management and Staff structure

The company employs around 35 staff in full time, part time and relief basis. The Service Manager is responsible for day-to-day operational management. There are two Team Leaders who report to the Service Manager. They are predominately responsible for day-to-day management (including housing, care, administration and staff management). Two Senior Support Workers remain in post to support the day-to-day duties from the two Team Leaders. In addition, there is a bank of dedicated and experienced Relief Support Workers. Chester Link also employs an Administrator.

Board and subcommittee structure

The Board is supported by just one sub-committee that formally reports to the Board, comprising of trustees, the Service manager and two Team Leaders (Care and Housing).



Internal Control

The Trustees have overall responsibility for ensuring that the charity has appropriate systems of control, financial and otherwise. They are also responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity 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 charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities and to provide reasonable assurance that:

- The Charity is operating efficiently and effectively;
- Its assets are safeguarded against unauthorised use or disposition;
- Proper records are maintained and financial information used within the charity or for publication is reliable;
- The Charity complies with relevant laws and regulations.

The systems of internal control are designed to provide reasonable, but not absolute, assurance against material misstatement or loss. They include:

- A strategic plan and annual budget approved by the trustees.
- Regular consideration by the trustees of financial results, variance from budgets, non-financial performance indicators and benchmarking reviews.
- Delegation of authority and segregation of duties.
- Identification and management of risks.

Quality Assurance

The company continues to achieve the standards set by Investors in People for the staffing side of operations. The company was successfully re-accredited for 3 years after a visit in May 2016. Towards the end of the financial year 2018/19 the company took the decision not to renew its Investors in People accreditation. The company felt that the accreditation no longer met its business needs but Chester Link remains fully committed to its staff, training and their development.

The company is registered with the Care Quality Commission (CQC) and after an announced inspection on 21 September 2018 a report was received on 24 October rating the company's activities as overall "good" and in the five domain areas of inspection also rated as "good".

The company is registered and approved by 'The Cheshire West and Chester Council Learning Disability Framework' as a preferred provider of care and support.

The Chester Link

Report of the Trustees for the Year Ended 31 March 2019

STRUCTURE, GOVERNANCE AND MANAGEMENT

Risk Assessment

The Trustees have a formal risk management process, including a risk register, to assess business risks and implement risk management strategies. This involves identifying the types of risks the charity faces, prioritising them in terms of potential impact and likelihood of occurrence, and identifying means of mitigating the risks. As part of this process the trustees reviewed this in full during the year which included the adequacy of the charity's current internal controls.

STATEMENT OF TRUSTEES RESPONSIBILITIES

The trustees (who are also the directors of The Chester Link for the purposes of company law) are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company 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 charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company 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 Charity SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable 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 presume that the charitable company will continue in business.

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

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable 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 auditors are aware of that information.

AUDITORS

The auditors, Johnstone Howell & Co, will be proposed for re-appointment at the forthcoming Annual General Meeting.

Report of the trustees, incorporating a strategic report, approved by order of the board of trustees, as the company directors, on 29 June 2019 and signed on the board's behalf by:

Miss K A Robertson - Trustee

Report of the Independent Auditors to the Trustees of
The Chester Link

Opinion

We have audited the financial statements of The Chester Link (the 'charitable company') for the year ended 31 March 2019 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement 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 (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 31 March 2019 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 Auditors responsibilities for the audit of the financial statements section of our report. We are independent of the charitable 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

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 charitable 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.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our Report of the Independent Auditors 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.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

- the information given in the Report of the Trustees is inconsistent in any material respect with the financial statements ; or
- the charitable company has not kept adequate accounting records; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the Statement of Trustees Responsibilities, the trustees (who are also the directors of the charitable company for the purposes of company law) 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.

Report of the Independent Auditors to the Trustees of
The Chester Link

Responsibilities of trustees

In preparing the financial statements, the trustees are responsible for assessing the charitable 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 trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Our 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 a Report of the Independent Auditors 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Independent Auditors.

Use of our report

This report is made solely to the charitable company's trustees, as a body, in accordance with Section 144 of the Charities Act 2011 and regulations made under Section 154 of that Act. Our audit work has been undertaken so that we might state to the charitable company's trustees those matters we are required to state to them in an auditors' 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 charitable company and the charitable company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Johnstone Howell & Co
Statutory Auditors
Eligible to act as an auditor in terms of Section 1212 of the Companies Act 2006
104 Whitby Road
Ellesmere Port
Cheshire
CH65 0AB

16 September 2019

The Chester Link

Statement of Financial Activities
for the Year Ended 31 March 2019

	Notes	Unrestricted funds £	Restricted fund £	2019 Total funds £	2018 Total funds £
INCOME AND ENDOWMENTS FROM					
Donations and legacies	2	4,852	-	4,852	1,418
Charitable activities	4				
Residents' contributions		617,787	-	617,787	609,743
Investment income	3	253	-	253	244
Total		622,892	-	622,892	611,405
EXPENDITURE ON					
Charitable activities	5				
Staff costs		436,645	-	436,645	438,846
Household expenses		98,306	-	98,306	89,122
Governance		4,823	-	4,823	6,596
Support costs		27,083	-	27,083	31,776
Mortgage interest		6,739	-	6,739	2,089
Grants awarded		73	-	73	-
Raised funds expended		3,420	-	3,420	1,242
Total		577,089	-	577,089	569,671
NET INCOME		45,803	-	45,803	41,734
Other recognised gains/(losses)					
Gains/(losses) on revaluation of fixed assets		(109,000)	-	(109,000)	255,000
Net movement in funds		(63,197)	-	(63,197)	296,734
RECONCILIATION OF FUNDS					
Total funds brought forward		1,681,047	109,480	1,790,527	1,493,793
TOTAL FUNDS CARRIED FORWARD		1,617,850	109,480	1,727,330	1,790,527

The notes form part of these financial statements

The Chester Link

Balance Sheet
At 31 March 2019

	Notes	Unrestricted funds £	Restricted fund £	2019 Total funds £	2018 Total funds £
FIXED ASSETS					
Tangible assets	11	1,863,069	109,480	1,972,549	1,390,000
CURRENT ASSETS					
Debtors	12	5,380	-	5,380	1,183
Cash at bank		42,143	-	42,143	514,626
		<hr/> 47,523	<hr/> -	<hr/> 47,523	<hr/> 515,809
CREDITORS					
Amounts falling due within one year	13	(238,715)	-	(238,715)	(59,814)
NET CURRENT ASSETS/(LIABILITIES)		<hr/> (191,192)	<hr/> -	<hr/> (191,192)	<hr/> 455,995
TOTAL ASSETS LESS CURRENT LIABILITIES		1,671,877	109,480	1,781,357	1,845,995
CREDITORS					
Amounts falling due after more than one year	14	(39,027)	-	(39,027)	(55,468)
PROVISIONS FOR LIABILITIES	18	(15,000)	-	(15,000)	-
NET ASSETS		<hr/> <hr/> 1,617,850	<hr/> <hr/> 109,480	<hr/> <hr/> 1,727,330	<hr/> <hr/> 1,790,527
FUNDS	19				
Unrestricted funds:					
General fund				412,770	393,608
Designated Mortgage Repayment fund				405,004	383,290
Revaluation Reserve				532,078	641,078
Designated Property Purchased fund				173,071	173,071
Designated Business Development Reserve				90,000	90,000
Designated Financial Support fund				4,927	-
				<hr/> 1,617,850	<hr/> 1,681,047
Restricted funds:					
Property Purchased fund				109,480	109,480
TOTAL FUNDS				<hr/> <hr/> 1,727,330	<hr/> <hr/> 1,790,527

The notes form part of these financial statements

The Chester Link

Balance Sheet - continued

At 31 March 2019

The charitable company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 31 March 2019.

The members have not deposited notice, pursuant to Section 476 of the Companies Act 2006 requiring an audit of these financial statements.

The trustees acknowledge their responsibilities for

- (a) ensuring that the charitable company keeps accounting records that comply with Sections 386 and 387 of the Companies Act 2006 and
- (b) preparing financial statements which give a true and fair view of the state of affairs of the charitable company as at the end of each financial year and of its surplus or deficit for each financial year in accordance with the requirements of Sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the charitable company.

These financial statements have been audited under the requirements of Section 144 of the Charities Act 2011.

The financial statements were approved by the Board of Trustees on 29 June 2019 and were signed on its behalf by:

Mr R J Causer (Chairman) -Trustee

The Chester Link

Cash Flow Statement
for the Year Ended 31 March 2019

	Notes	2019 £	2018 £
Cash flows from operating activities:			
Cash generated from operations	1	52,267	57,367
Interest paid		(6,739)	(2,089)
Increase in provisions		15,000	-
		<hr/>	<hr/>
Net cash provided by (used in) operating activities		60,528	55,278
		<hr/>	<hr/>
Cash flows from investing activities:			
Purchase of tangible fixed assets		(691,549)	-
Interest received		253	244
		<hr/>	<hr/>
Net cash provided by (used in) investing activities		(691,296)	244
		<hr/>	<hr/>
Cash flows from financing activities:			
Increase in loan account balances		158,285	-
Loan repayments in year		-	(21,398)
		<hr/>	<hr/>
Net cash provided by (used in) financing activities		158,285	(21,398)
		<hr/>	<hr/>
Change in cash and cash equivalents in the reporting period		(472,483)	34,124
Cash and cash equivalents at the beginning of the reporting period		514,626	480,502
		<hr/>	<hr/>
Cash and cash equivalents at the end of the reporting period		42,143	514,626
		<hr/>	<hr/>

The notes form part of these financial statements

Notes to the Cash Flow Statement
for the Year Ended 31 March 2019

1. RECONCILIATION OF NET INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2019	2018
	£	£
Net income for the reporting period (as per the statement of financial activities)	45,803	41,734
Adjustments for:		
Interest received	(253)	(244)
Interest paid	6,739	2,089
(Increase)/decrease in debtors	(4,197)	917
Increase in creditors	4,175	12,871
Net cash provided by (used in) operating activities	<u>52,267</u>	<u>57,367</u>

Notes to the Financial Statements
for the Year Ended 31 March 2019

1. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements of the charitable company, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain assets.

Income

All income is recognised in the Statement of Financial Activities once the charity has entitlement to the funds, it is probable that the income will be received and the amount can be measured reliably.

Expenditure

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

Tangible fixed assets

The director trustees consider that the freehold land and buildings have a residual value not less than book value as a consequence of the charity's policy to maintain the properties in such a condition that their value as a whole is not impaired by the passage of time. No depreciation has, therefore, been provided as the amount involved is insignificant.

The cost of such maintenance is charged to revenue each year.

The trustee directors consider that this departure from statutory accounting principles is necessary in order that the financial statements may give a true and fair view.

Taxation

The charity is exempt from corporation tax on its charitable activities.

Fund accounting

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the trustees.

Restricted funds have been given to the Charity for a particular purpose and can only be spent on that purpose.charity

Designated funds are unrestricted funds that the trustees have set aside for a particular purpose. Such funds can be undesignated or re-designated.

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

2. DONATIONS AND LEGACIES

	2019	2018
	£	£
Donations and fundraising	4,852	1,418

Notes to the Financial Statements - continued
for the Year Ended 31 March 2019

3. INVESTMENT INCOME

	2019	2018
	£	£
Deposit account interest	253	244

4. INCOME FROM CHARITABLE ACTIVITIES

	Activity	2019	2018
		£	£
Residents' contributions	Residents' contributions	617,787	609,743

5. CHARITABLE ACTIVITIES COSTS

	Direct costs	Support costs (See note 6)	Totals
	£	£	£
Staff costs	436,645	-	436,645
Household expenses	98,306	-	98,306
Grants awarded	73	-	73
Raised funds expended	3,420	-	3,420
Governance	-	4,823	4,823
Support costs	-	27,083	27,083
Mortgage interest	-	6,739	6,739
	538,444	38,645	577,089

6. SUPPORT COSTS

	Management	Finance	Governance costs	Totals
	£	£	£	£
Governance	-	-	4,823	4,823
Support costs	27,083	-	-	27,083
Mortgage interest	-	6,739	-	6,739
	27,083	6,739	4,823	38,645

7. NET INCOME/(EXPENDITURE)

Net income/(expenditure) is stated after charging/(crediting):

	2019	2018
	£	£
Auditors' remuneration	3,234	3,060
Other non-audit services	1,404	924

Notes to the Financial Statements - continued
for the Year Ended 31 March 2019

8. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 31 March 2019 nor for the year ended 31 March 2018.

Trustees' expenses

There were no trustees' expenses paid for the year ended 31 March 2019 nor for the year ended 31 March 2018.

Three director trustees received re-imbursement of approved expenses which they necessarily incurred on behalf of the charity totalling £100 (2018 £100).

9. STAFF COSTS

	2019 £	2018 £
Wages and salaries	429,721	432,651

The average monthly number of employees during the year was as follows:

	2019	2018
Charitable activities	31	31
Governance, administration	4	4
	35	35

No employees received emoluments in excess of £60,000.

10. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted funds £	Restricted fund £	Total funds £
INCOME AND ENDOWMENTS FROM			
Donations and legacies	1,418	-	1,418
Charitable activities			
Residents' contributions	609,743	-	609,743
Investment income	244	-	244
Total	611,405	-	611,405
EXPENDITURE ON			
Charitable activities			
Staff costs	438,846	-	438,846
Household expenses	89,122	-	89,122
Governance	6,596	-	6,596
Support costs	31,776	-	31,776
Mortgage interest	2,089	-	2,089
Raised funds expended	1,242	-	1,242
Total	569,671	-	569,671
NET INCOME	41,734	-	41,734
Other recognised gains/(losses)			
Gains/(losses) on revaluation of fixed assets	255,000	-	255,000

Notes to the Financial Statements - continued
for the Year Ended 31 March 2019

10. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES - continued

	Unrestricted funds £	Restricted fund £	Total funds £
Net movement in funds	296,734	-	296,734
RECONCILIATION OF FUNDS			
Total funds brought forward	1,384,313	109,480	1,493,793
TOTAL FUNDS CARRIED FORWARD	1,681,047	109,480	1,790,527

11. TANGIBLE FIXED ASSETS

	Freehold property £
COST OR VALUATION	
At 1 April 2018	1,390,000
Additions	691,549
Revaluations	(109,000)
At 31 March 2019	1,972,549
NET BOOK VALUE	
At 31 March 2019	1,972,549
At 31 March 2018	1,390,000

The director trustees consider that the freehold land and buildings have a residual value not less than book value as a consequence of the charity's policy to maintain the properties in such a condition that their value as a whole is not impaired by the passage of time. No depreciation has, therefore, been provided as the amount involved is insignificant.

The three freehold properties owned by the company were professionally valued at 23 February 2018 at £1,390,000. Two additional properties were purchased during the year to provide enhanced accommodation for the changing needs of service users.

The freehold property known as "The Gables" is for sale at the balance sheet date at a revalued amount of £466,000 (2018 £575,000).

The original cost of the freehold land and buildings is £1,440,471 (2018 £748,922).

12. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019 £	2018 £
Other debtors	5,380	1,183

Notes to the Financial Statements - continued
for the Year Ended 31 March 2019

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019	2018
	£	£
Bank loans and overdrafts (see note 15)	196,576	21,850
Social security and other taxes	6,603	6,117
Accrued expenses	35,536	31,847
	<u>238,715</u>	<u>59,814</u>

On 31 May 2019 the charitable company repaid the short term loan of £180,000 and secured a further long term loan, maturing in twenty years.

14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2019	2018
	£	£
Bank loans (see note 15)	<u>39,027</u>	<u>55,468</u>

15. LOANS

An analysis of the maturity of loans is given below:

	2019	2018
	£	£
Amounts falling due within one year on demand:		
Bank loans	<u>196,576</u>	<u>21,850</u>
Amounts falling between one and two years:		
Bank loans - 1-2 years	<u>16,683</u>	<u>16,426</u>
Amounts falling due between two and five years:		
Bank loans - 2-5 years	<u>22,344</u>	<u>39,042</u>

On 31 May 2019 the charitable company repaid the short term loan of £180,000 and secured a further long term loan, maturing in twenty years.

16. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2019	2018
	£	£
Within one year	2,374	9,373
Between one and five years	-	2,374
	<u>2,374</u>	<u>11,747</u>

Notes to the Financial Statements - continued
for the Year Ended 31 March 2019

17. SECURED DEBTS

The following secured debts are included within creditors:

	2019 £	2018 £
Bank loans	235,603	77,318

18. PROVISIONS FOR LIABILITIES

	2019 £	2018 £
Property maintenance reserve	15,000	-

19. MOVEMENT IN FUNDS

	At 1.4.18 £	Net movement in funds £	Transfers between funds £	At 31.3.19 £
Unrestricted funds				
General fund	393,608	45,876	(26,714)	412,770
Designated Mortgage Repayment fund	383,290	-	21,714	405,004
Revaluation Reserve	641,078	(109,000)	-	532,078
Designated Property Purchased fund	173,071	-	-	173,071
Designated Business Development Reserve	90,000	-	-	90,000
Designated Financial Support fund	-	(73)	5,000	4,927
	1,681,047	(63,197)	-	1,617,850
Restricted funds				
Property Purchased fund	109,480	-	-	109,480
TOTAL FUNDS	1,790,527	(63,197)	-	1,727,330

Net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
Unrestricted funds				
General fund	622,892	(577,016)	-	45,876
Designated Financial Support fund	-	(73)	-	(73)
Revaluation Reserve	-	-	(109,000)	(109,000)
	622,892	(577,089)	(109,000)	(63,197)
TOTAL FUNDS	622,892	(577,089)	(109,000)	(63,197)

Notes to the Financial Statements - continued
for the Year Ended 31 March 2019

19. MOVEMENT IN FUNDS - continued

Comparatives for movement in funds

	At 1.4.17 £	Net movement in funds £	Transfers between funds £	At 31.3.18 £
Unrestricted Funds				
General fund	373,272	41,734	(21,398)	393,608
Designated Mortgage Repayment fund	361,892	-	21,398	383,290
Revaluation Reserve	386,078	255,000	-	641,078
Designated Property Purchased fund	173,071	-	-	173,071
Designated Business Development Reserve	90,000	-	-	90,000
	<u>1,384,313</u>	<u>296,734</u>	<u>-</u>	<u>1,681,047</u>
Restricted Funds				
Property Purchased fund	109,480	-	-	109,480
	<u>1,493,793</u>	<u>296,734</u>	<u>-</u>	<u>1,790,527</u>

Comparative net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
Unrestricted funds				
General fund	611,405	(569,671)	-	41,734
Revaluation Reserve	-	-	255,000	255,000
	<u>611,405</u>	<u>(569,671)</u>	<u>255,000</u>	<u>296,734</u>
TOTAL FUNDS	<u>611,405</u>	<u>(569,671)</u>	<u>255,000</u>	<u>296,734</u>

A current year 12 months and prior year 12 months combined position is as follows:

	At 1.4.17 £	Net movement in funds £	Transfers between funds £	At 31.3.19 £
Unrestricted funds				
General fund	373,272	87,610	(48,112)	412,770
Designated Mortgage Repayment fund	361,892	-	43,112	405,004
Revaluation Reserve	386,078	146,000	-	532,078
Designated Property Purchased fund	173,071	-	-	173,071
Designated Business Development Reserve	90,000	-	-	90,000
Designated Financial Support fund	-	(73)	5,000	4,927
Restricted funds				
Property Purchased fund	109,480	-	-	109,480
TOTAL FUNDS	<u>1,493,793</u>	<u>233,537</u>	<u>-</u>	<u>1,727,330</u>

Notes to the Financial Statements - continued
for the Year Ended 31 March 2019

19. MOVEMENT IN FUNDS - continued

A current year 12 months and prior year 12 months combined net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
Unrestricted funds				
General fund	1,234,297	(1,146,687)	-	87,610
Designated Financial Support fund	-	(73)	-	(73)
Revaluation Reserve	-	-	146,000	146,000
	<hr/>	<hr/>	<hr/>	<hr/>
	1,234,297	(1,146,760)	146,000	233,537
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL FUNDS	<u>1,234,297</u>	<u>(1,146,760)</u>	<u>146,000</u>	<u>233,537</u>

20. RELATED PARTY DISCLOSURES

There were no related party transactions for the year ended 31 March 2019.

21. DESIGNATED FUNDS

MORTGAGE REPAYMENT FUND

The Mortgage Repayment fund has been established as a designated account to enable the charitable company to allocate funds out of its annual income to replace the amounts of the mortgage loans repaid.

PROPERTY PURCHASED FUND

The Property Purchased fund has been established as a designated account to record the allocation of reserves used by the charitable company to cover the costs not separately financed of the properties purchased.

BUSINESS DEVELOPMENT FUND

The Business Development Reserve has been established to enable the charitable company to allocate reserves towards the costs of developing its business activities, including, if appropriate, the purchase of properties.

FINANCIAL SUPPORT FUND

During the year the trustees decided to allocate funds to a designated account to provide finance to service users who were facing financial difficulties remaining as the charity's service users. Grants totalling £73 had been made by the year end.

22. RESTRICTED FUNDS

PROPERTY PURCHASED FUND

The National Lottery Charities Board provided a significant start-up grant in 1998 of £109,480 which contributed towards initial operating funding and the purchase of the first property. This is held in a restricted fund.