

Company number: 2914273

Charity Number: 1035820

St Michael's Fellowship

Report and financial statements

For the year ended 31 March 2019

St Michael's Fellowship

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For the year ended 31 March 2019

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St Michael's Fellowship

Reference and administrative information

For the year ended 31 March 2019

Company number 2914273
Registered and incorporated in England & Wales

Charity number 1035820

**Registered office
and operational
address** 136 Streatham High Road
LONDON
SW16 1BW

Trustees Trustees, who are also directors under company law, who served during the year and up to the date of this report were as follows:

Stephen Hair	Chair
Philippa Owen	Vice Chair
William Anderson	Hon Treasurer
Alison Dixon	
Annie Brough	
Corina Forman	
Juline Sinclair	appointed 24 th January 2019
Loucia Kyprianou	appointed 13 th September 2018
Mary Gibson	
Oretha Wofford	appointed 12 th July 2018
Richard Barron	
Shirley Green	resigned 24 th April 2018
Valerie Wass OBE	

Chief Executive Sue Pettigrew OBE

Bankers National Westminster Bank Plc
145 Clapham High Street
Clapham
LONDON
SW 4 7TH

COIF Charity Funds
80 Cheapside
LONDON
EC2V 6DZ

Virgin Money Plc
Jubilee House, Gosforth
NEWCASTLE ON TYNE
NE3 4PL

St Michael's Fellowship

Reference and administrative information

For the year ended 31 March 2019

Solicitors	The Charity Team at Russell-Cooke 2 Putney Hill LONDON SW15 6AB
Auditor	Sayer Vincent LLP Chartered Accountants and Statutory Auditors Invicta House 108-114 Golden Lane LONDON EC1Y 0TL

The trustees present their report and the audited financial statements for the year ended 31 March 2019.

Reference and administrative information set out on pages 1 and 2 forms part of this report. The financial statements comply with current statutory requirements, the memorandum and articles of association and the Statement of Recommended Practice – Accounting and Reporting by Charities: SORP applicable to charities preparing their accounts in accordance with FRS 102.

Objectives and activities

Purposes and aims

The objects of the charity are: “the relief of poverty, sickness and emotional and physical hardship by the provision of accommodation, assistance and support, counselling, training and rehabilitation for children and their parents, whether in accommodation provided by the charity or in the wider community, who are in need of such relief so that they may become responsible and independent parents and members of society”.

The principal activity of the charity is offering support to vulnerable families including very young parents both by the provision of residential family centres and in the community.

St Michael's provides accommodation, help and training in residential centres in the boroughs of Lambeth and Wandsworth for families where children are at risk or where there is other emotional, mental or physical hardship. Such support includes an assessment of parenting skills. Each of these projects is in a converted Victorian family house, non-institutional in feel and each is staffed by a professional team.

Through partnership with Sure Start Children's Centres, the National Children's Bureau via LEAP (Lambeth Early Action Partnership) and charitable funding for Securing Change, St Michael's offers outreach work providing some of the same services to families who are living in their own homes, but who, for whatever reason, are in difficulty.

The prime aim of the charity is to give a child the best possible start in life in the circumstances. Allied to this is the aim to help and encourage the members of a family to become fully integrated into the mainstream of society. This is achieved either through the rehabilitation of the family in a residential centre, through community assessments or through preventive work in the community.

We have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing our aims and objectives and in planning future activities and are satisfied that we meet the guidance.

Strategic plan and objectives

The charity's 3-year strategic plan for 2017–2020 focuses on:

- Maintaining the quality of our residential assessments
- Widening and embedding our outreach and community services to become 20% of our services

Driven by:

- Financial stability
- Skilled and motivated staff teams
- Policy and governance

The Trustees will be reviewing and developing a new strategic plan during March 2020 for the next three years.

The charity's key objectives from April 2018 to March 2019 were to:

- 1 To achieve an Outstanding Ofsted inspection
- 2 To reduce our reliance on statutory funding
- 3 To continue the development of Securing Change, a service for parents who leave St Michael's without their child
- 4 To grow our supervised contact service
- 5 To maintain our outreach service with a focus on domestic abuse
- 6 To focus on overall staff morale

In 2019/20 our key objectives include:

- 1 To achieve an Outstanding Ofsted inspection and share and promote best practice
- 2 To reduce our reliance on statutory funding
- 3 To continue the development of Securing Change, a service for parents who leave assessments without their child
- 4 To grow our supervised contact service
- 5 To maintain our outreach service with a focus on domestic abuse and working with young fathers
- 6 To focus on staff recruitment, retention and succession planning
- 7 To enhance our data collection and evidencing of outcomes across all aspects of our work
- 8 To enhance our website and communications to make them more accessible to beneficiaries and other stakeholders

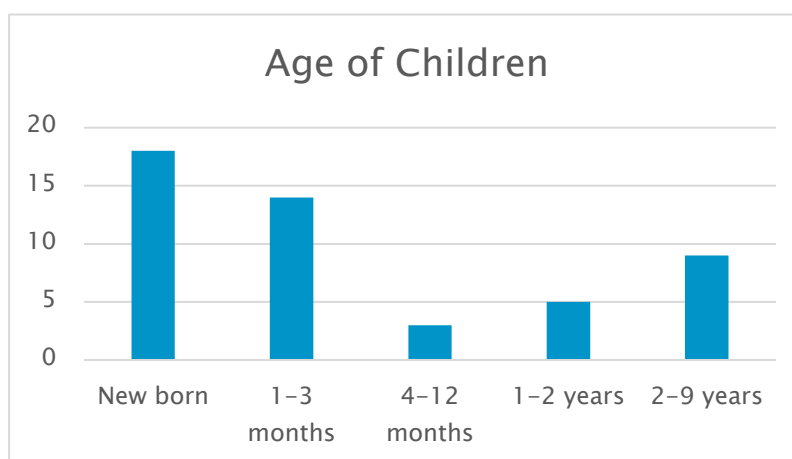
Achievements and performance in the year

This year was a challenging one for St Michael's. The underlying shortage of qualified and experienced personnel within the sector led to difficulties in staff recruitment. As a result, we decided to limit the number of families we could work with in order to maintain the quality of our assessments in our residential centres. In addition, towards the end of the year as staffing improved, we were impacted by a fall in the level of referrals from local authorities, concerned about meeting their year-end budgets.

Review against the charity's key objectives from April 2018 to March 2019:

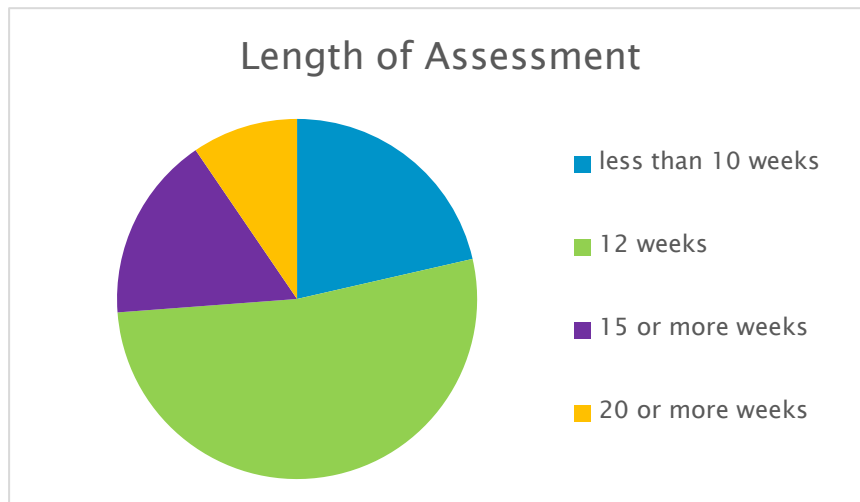
1 Maintain the quality of our residential assessments and achieve an Outstanding Ofsted inspection

We worked with 42 families residentially (53 families 2017/18) from across 18 different local authorities. Whilst local authorities may think twice about residential family assessments in this financial climate we do believe they are effective and assist the court in making a decision that secures the best future for the child. Where this involves a young baby the assessment is timely: 32 (65%) of the 49 children worked with in 2018/19 were under 3 months old, and 56% of this group were new born on admission. Where larger sibling groups are referred it is often the case that children have languished in neglectful, abusive families and our residential assessment can highlight the experience of those children and offer a solution; 14 (28%) of the children were 1 year or more on admission, and were all part of larger sibling groups. Of these 9 (18%) were between 2 and 9 years.



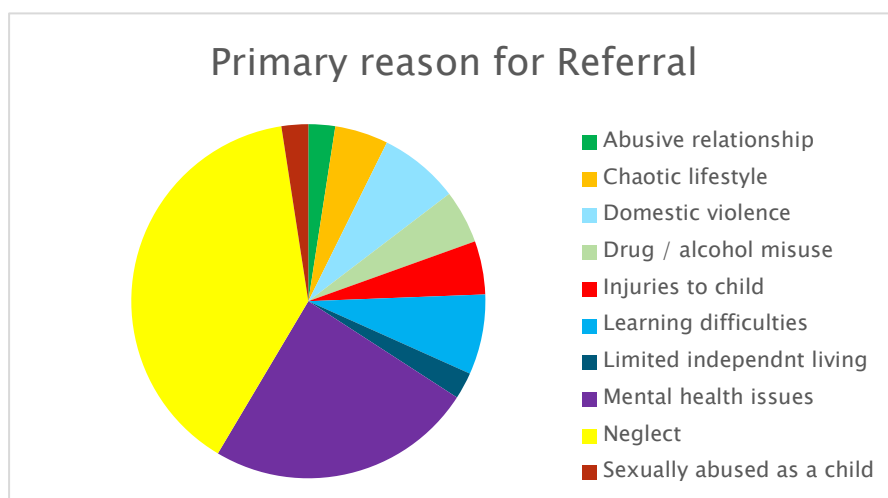
It is also the case that we do not prolong assessments where it is clear that the parent is unable to meet the child's needs and it is therefore not in the child's best interests to continue; for 9 families (20%) length of stay was 10 weeks or less. However we do need to acknowledge a trend from local authorities asking us to extend placements until a court hearing has taken place even though this may exceed the 26 week rule. This allows the court to make the decision about the child's future or it enables the local authority to find a suitable alternative placement for the family. As a result of

extended placements, 11 families (26% of the total) stayed between 15 and 30 weeks, with 4 of those families staying for over 20 weeks.



This year 24% of families returned to the community with their children (40% in 17/18) and a further 10% of children were placed within their extended family. For a further 5 families the final outcome is not known – this reflects the extended period between placements ending and the final court hearing. This is also indicative of an increase in the number of complex issues many families are facing; perhaps due to funding constraints local authorities are forced to be more selective.

Primary reasons for referral are neglect, mental ill health, learning difficulties, domestic violence and substance misuse, but all families have a number of additional issues such as chaotic lifestyles, a limited support network, non-engagement with services and an inability to prioritise the needs of their children. Typically, families present with 8 or more issues leading to referral.



This year 19 families (45%) had had 53 children removed from their care, prior to being placed with us, and 5 of them (26%) returned home with their subsequent child. The lack of support for parents following removal of a child is an issue we are endeavouring to address through our Securing Change programme.

Residential parenting assessments remain a complex arena where services, local authorities and the courts are working together to achieve timely solutions although not always within the 26 week rule.

An issue we have faced this year is the difficulty of attracting and retaining good staff. Whilst we are able to retain senior staff and are proud of our capacity to grow and develop staff for senior roles, we find that shift work and sleep-ins take their toll on staff resulting in lower rates of retention. We are aware this problem is common to all services across the social welfare sector. We have increased salaries again this year but recognise that we cannot compete with the salaries offered by local authorities. However we believe the experience, support and training opportunities offered make us an attractive option. These opportunities include:

- A mutually beneficial relationship with the Middlesex University Centre for Abuse and Trauma, including training in the use of the Parenting Role Interview and in Attachment Style Interviews which they are able to utilise in their direct work with parents.
- We continue to be part of the DfE scheme to support newly qualified social workers in their first year of practice via the Assessed and Supported Year in Employment.
- PAM's training (Parenting Assessment Manual) for the assessment of parents with learning needs.
- Staff have attended training on coaching skills, effective time management, supervision skills, introduction to management and the workplace leadership programme, and we promote opportunities to progress into management.
- Staff have also completed recording and report writing and court skills training.
- We routinely offer training in First Aid and Safeguarding as essential to the role.
- We have valued the continued involvement of our team consultant supporting staff in their challenging work and facilitating Action Learning Sets for managers.

This year we have continued our commitment to sessional staff by offering induction days and observation and recording training, helping them to feel better prepared for their role. Sessional staff also receive supervision after every 80 hours of work. Some permanent staff are recruited from our bank of sessional staff, who describe enjoying the work, wanting to take on more responsibility and realising the potential for their development.

Ofsted inspected two of our centres; one achieved 'Outstanding' for the first time and the other 'Good' overall with 'Outstanding' for the effectiveness of leaders and managers.

- 1 The inspector commented 'Staff provide excellent care which is centred on improving children's life chances. Staff excel in their work with families who have a history of chronic neglect'. A teacher complimented the centre on providing 'a fantastic service for a very complicated case.' A local authority senior manager praised 'the excellent work', highlighting the staff's willingness 'to go that extra mile.' 'Staff excel in their ability to write concise, evidence-based, research-informed assessment reports'.
- 2 The inspector commented 'The centre's practice is exemplary, particularly in working with families affected by a personality and behavioural disorder.' 'The voice of the child is at the heart of all feedback to parents. Parents are given every opportunity to change.' A parent reported in the Ofsted survey that the centre 'gave me the best start in life with my baby girl'.

- 3 A social worker reported 'I have worked with a number of residential mother and baby placements and this, by far, has been the best'.

2 To reduce our reliance on statutory funding

In order to increase our fundraising capacity our Trustees agreed to the appointment of a part-time fundraising and marketing officer during 2018. We have also benefited from having an eight week internship funded by Sussex University during the year. This expansion has enabled the Head of Fundraising to focus on trust and foundation funding which has been successful in securing funds to support our work over the next three years, with a particular focus on Community Projects.

In the year there have been donations/grants of £94,205 (£141,138 in 2017/18) of which £24,285 is restricted, plus funding for some of our Community project work. BBC Children in Need and National Children's Bureau have supported us in addressing the needs of vulnerable mothers and their children affected by domestic abuse, supplemented by funding from Invesco Cares Foundation and Tilehouse Trust in support of our work with young parents. City Bridge Trust has supported us to explore the development for the Caring Dads programme. St James Place Foundation is supporting the costs of our outreach programme. We are extremely grateful to the smaller trusts who fund us, some as loyal supporters, others in response to our small trusts appeal, and to local churches in particular All Saints, St Saviours and the Immanuel and St Andrews Church. We also have a number of individual donors whose support is invaluable.

In addition, we have received funding from Big Lottery, KPMG Foundation, Tudor Trust and Pilgrim Trust to enable our work in developing the Securing Change programme, as further detailed below.

Our fundraising and marketing officer is successfully raising our profile on social media and endeavouring to engage the local community and businesses in our work. She ran a successful media campaign 'to make a nappy happy' encouraging parents to donate nappies they no longer needed as we could give them to the parents with whom we work, this resulted in lots of nappies of all sizes, baby clothes and toys being donated. She also made a [video](#) showing a tour of one of our residential centres that has become the most popular item on our website, where we are striving to make information more accessible to service users.

We are extremely grateful to the 10 runners who completed the London Marathon raising £34,925.

3 To continue the development of Securing Change, a service for parents who leave St Michael's without their child

We were pleased to start work on this new service during the year, having successfully secured funding from the Big Lottery, the Tudor Trust, the Philip King Charitable Trust, the Pilgrim Trust and KPMG Foundation. Our research partners Middlesex University Centre for Abuse and Trauma Studies completed a small study on the 'Experience and support needs of mothers who have had a child removed into care' funded by the Baring Foundation, and have helped us to scope this new service.

During the first year of this project we have completed the initial scoping of the service, set up the referral process, and developed monitoring procedures with the appointment of two practitioners. This work has presented us with a number of challenges as we seek to engage with parents at a very difficult time in their lives. We identified 22 potential referrals to this service.

We are reviewing and further developing the scope of the programme and the methods of engagement with parents as a result of our experiences to date.

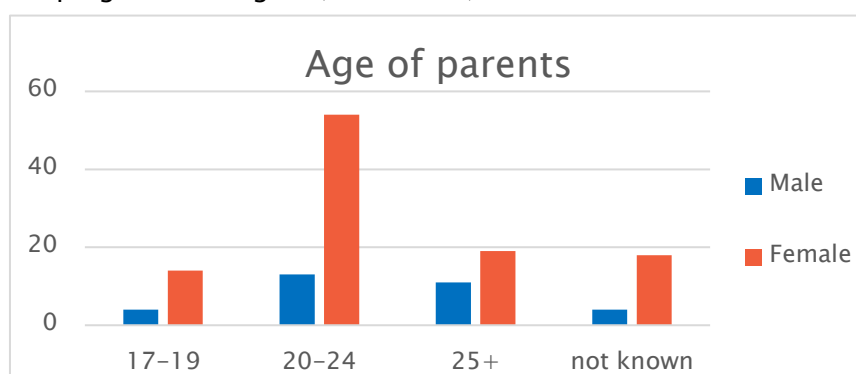
4 To grow our supervised and supported contact service.

Income from supervised and supported contact has been maintained at a similar level to last year, and is offered through our two dedicated contact rooms. We continue to receive excellent feedback from parents who use the service: a father said 'I had a great experience at the centre, staff were always polite and courteous. My son felt comfortable to be himself around staff members, which was great.' Another father said 'You have made my valuable time with my son straightforward and nourishing.' We invite children to give us feedback too; a 15 year old said in answer to the question what were the two best things about your time here today? 'The games available e.g. Frustration and table tennis, and the worker, friendly and able to talk to'.

We previously established a designated fund enabling us to offer contact at a highly subsidised rate for those parents on benefits, and through this, we provided 140 hours of subsidised contact to families during the year.

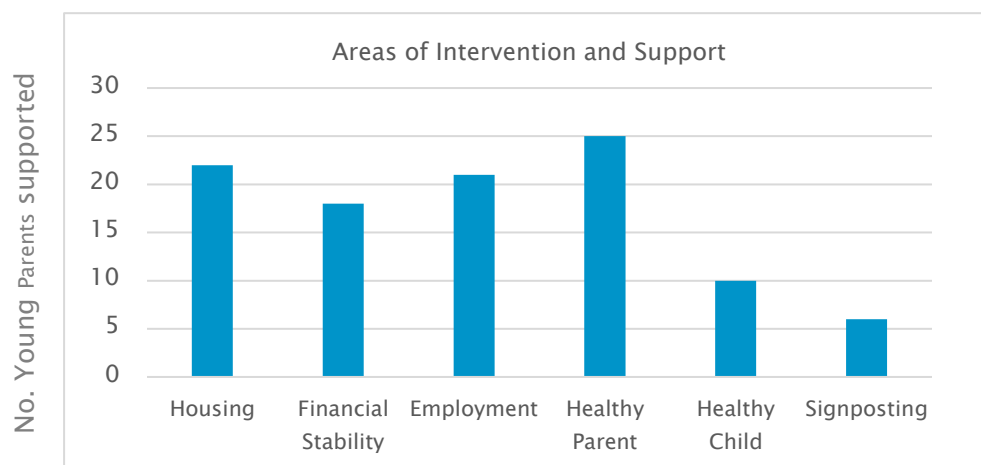
5 To maintain our outreach service, with a focus on domestic abuse

We have continued with our outreach services for pregnant teenagers and young mums and dads up to 25 years. We have supported 104 young mums (120 in 2018) and 32 young fathers (25 in 2018) of whom 47 were pregnant teenagers (39 in 2018).



The lives of the young parents we work with remain complex with many issues that need addressing: from support with housing and benefits, basic equipment for their home, debt advice, domestic violence, mental health issues, the child being subject to a child protection plan or a child in need plan, to name but a few. There are similar issues for the young fathers with whom we work but with a greater emphasis on working towards employment through apprenticeships, training, CV writing. Young fathers are still a marginalised group and the importance of offering a dedicated service to

address their needs cannot be underestimated: it is all too easy for young fathers to be seen by some services as the problem rather than the solution. For these young parents we offer a home visiting service and run themed groups based in Children's Centres in the borough of Lambeth.



10 of our parents have benefited from the generosity of Housing the Homeless through our Residents' Grants scheme, which has assisted families purchasing essential items for their new accommodation. In addition, one parent received a grant from Buttle UK-Chances for Children to support specific activities.

We were successful in our application for funds to the Young Lambeth Cooperative Holiday Activities Programme, supplemented by a grant from Sir Walter St John's Educational Charity. This enabled us to provide some truly memorable summer trips for young families including a day at Margate, a theatre trip to 'The Everywhere Bear', a day at Paradise Wildlife Park, Little Diggers and picnic in the park at Clapham Common, a day at Mudchute Park and Yoga and a picnic in Brockwell Park.

Unsurprisingly domestic abuse is a significant feature in the majority of parents referred, whether as victims or perpetrators. We have run a successful group, DiVa for young mothers for eleven years, and this year launched two new parents' groups in the LEAP areas: "Confident Mums" and "Safer, Stronger".

Having trained staff to deliver the AVA Community programme for mothers and children who have experienced domestic abuse and raised funds from Children in Need to support the child element of the programme we have found it extremely difficult to maintain the fidelity of the programme which calls for the involvement of 6 staff. We are exploring partnering with another organisation.

We have completed our fourth Caring Dads programme to support young dads. We recognise the particular difficulties working with this age group whose somewhat chaotic lives often make attendance at a weekly group a real challenge, and have moved our programme to an evening session to better accommodate their needs. In addition, through our accredited trainer, we have delivered training to professionals wishing to become Caring Dads facilitators.

Following funding from Lambeth Public Health we continue to prevent unintentional injuries in children 0–5 by supplying home safety equipment such as safety gates, safety locks for cupboards and windows, non-slip bath mats, water thermometers, smoke alarms, safety pouches for hair straighteners and education to young parents. We have kept abreast of changes in safety advice to ensure the service is meeting the needs of young parents and their children. Button batteries continue to be a significant danger for young children.

Vardens Road, our small supported housing scheme, maintained full occupancy during the year. Optivo has responsibility for the housing management of the scheme, whilst Wandsworth Children and Families Services fund St Michael's to provide the support.

6 To focus on overall staff morale

We recognise the importance of investing in our staff in order to maintain our capacity and quality of services. During the year we carried out a detailed review and benchmarking of salaries, to ensure they remain competitive, which resulted in all staff receiving one scale point increase, and the introduction of a new unsocial/shift work allowance for residential staff.

We have continued to invest in staff training across the whole organisation as part of our commitment to staff. This included a one-day introduction to Mindfulness, including some useful tips for self-care.

In addition, the trustees agreed to set aside a small contribution to a summer croquet event for all teams which has proved to be both popular and competitive as well as a Christmas celebration, both of which have been very well received by staff.

There has also been a focus on career and succession planning within all areas of the organisation.

Financial review

The overall deficit for the year was £124,471 following a decrease in income generated through charitable activities. This deficit has been fully covered by St Michael's reserves which continue to be strong at 31 March 2019.

The reduction in residential assessment income reflects the difficulty of attracting and retaining good staff, and therefore our ability to offer this service to our potential capacity. Additionally, whilst our residential assessment services continued to attract strong interest, referrals and income were also impacted by budget restrictions faced by Local Authorities at the end of their financial year.

In light of the difficulties in recruiting staff and converting interest in residential assessment services into actual referrals, the Board has decided since the year-end to “mothball” one of the residential houses for a 6-month period whilst landlord renovation works can take place.

There has been an appreciable improvement in financial performance in the early months of 2019/20 as a result of the measures taken. For this reason, and also taking into consideration St Michael's strong reserves position at 31 March 2019, the Board has concluded that the “mothballing” approach is the right way forward. The Board continues to monitor the situation closely.

Income for our outreach work with young parents was unchanged this year. Our community work has been supported by additional funded projects and the continued development of the supervised contact service. The Securing Change project commenced this year; to develop a service for parents who leave assessments without their child.

Income from donations has shown a slight decrease since last year and is offset by an increase in funding for Community projects as we have continued to seek other sources of funding for our work in line with our strategy. Donations include the successful Small Trust Appeal, as well as continued fundraising through the London marathon and support of regular donors.

This year we made a 3% increase in fees charged to Local Authorities in line with inflationary cost increases, and continued with tight financial controls over all areas of expenditure.

Salaries were reviewed during the year to ensure they are in line with NJC scales, with incremental rises for all eligible staff in October 2018 and a new unsocial hours/shift work allowance introduced for staff in residential centres. Pension contributions were increased in line with auto-enrolment, plus a number of eligible staff moving to higher contribution rates.

In light of recent difficulties in recruiting staff and managing referral levels, the Board has made the decision in 2019/20 to “mothball” one of the houses for a 6-month period whilst renovation work takes place. The Board will continue to monitor the situation closely.

Principal risks and uncertainties

The principal risks faced by St Michael's and the measures put in place to manage these risks are:

- 1 St Michael's continues to be largely reliant on income from Local Authorities which are experiencing significant funding constraints. Notwithstanding this, we have seen a steady level of interest in our Residential Assessments, as a result of the charity's continued focus on providing a high quality and effective service. The budgetary constraints faced by Local Authorities impact on the number of referrals they are able to make to our services, despite the continuing levels of need.

Whilst it is not possible to mitigate this risk entirely, St Michael's provides services to a greater number of Local Authorities and continues to develop additional services to meet the varied

demands of supporting families. In addition, fundraising activities have been expanded to reduce the dependency on single sources of income.

The reserves policy, in particular the Staff Contingency Fund, has been drawn up in order to address this principal risk.

- 2 The work of St Michael's is focussed on ensuring the safeguarding of children in their parents' care and the safeguarding of the parents, many of whom are 'adults at risk'. St Michael's mitigates this risk through its operational procedures including careful planning, setting clear expectations of families and staff, close monitoring within the centres, pre-empting risks, training and supervision of staff and monthly inspections. Our residential centres are also inspected by Ofsted.
- 3 Staff recruitment and retention is a risk because without full teams we are unable to meet our occupancy targets. St Michael's seeks to mitigate this risk through investment in staff capacity. Specific measures include annual salary benchmarking, investment in training and supervision, and career development and succession planning.

St Michael's maintains a detailed risk register and reviews the top risks at every board meeting. Measures have been put in place, to the extent possible, to manage these risks in order to reduce both their likelihood and impact, whether to St Michael's service users or its reputation and financial position. Significant risks are brought to the attention of the Board as they arise.

Investment policy

The trustees' investment policy is to ensure that all reserves are held in a form in which their capital value is secure and remain readily available. For this reason, all reserves over and above the day-to-day working capital are held primarily in instant access deposit in the Charities Official Investment Fund, and a smaller amount continues to be invested in an instant access Virgin Charity Account.

Reserves policy

St Michael's reserves are in two forms: restricted and unrestricted.

Restricted reserves

Restricted funds will be expended in due course in accordance with their restricted purposes.

Restricted funds are £148,476 (2018: £104,643).

Unrestricted reserves

Unrestricted funds are retained to meet a number of needs:

The first need is to cover the operating expenses of the four residential family assessment centres and the community assessment service, at times when demand for both these services may slacken. To meet this need, the trustees aim to retain unrestricted reserves in a Staff Contingency Fund

equivalent to approximately one third of the current year's operating expenses of these cost centres. This fund total £674,526 at March 2019 in line with this policy (2018: £694,020).

The second need is to fund initiatives to develop the work of St Michael's which cannot be funded by existing revenue streams. During 2018/19 designated expenditure from the Development Fund totalled £87,893 (2018: £8,086) comprising £48,476 support for business activities, £27,678 staff investment, £6,844 re subsidised/supported supervised contact work, £1,742 for IT equipment, and £3,153 depreciation charges in respect of assets purchased through this Fund. In addition, designated funds of £44,239 were transferred back to working capital as no longer required.

The Development Fund stands at £146,396 at March 2019 (2018: £278,528) comprising:

- £338 for ongoing support of Vardens Road
- £2,000 to purchase camera and security equipment for Jigsaw
- £7,986 to support supervised contact work
- £19,161 for expenditure on IT equipment, being charged over 3 years
- £3,156 of capital expenditure for the mock flat "Jigsaw", being depreciated over one further year
- £113,755 for staff development and investment

The third need is for a Working Capital Fund, which the trustees aim to maintain at a level sufficient to support day-to-day expenditure and cash-flow demands. This fund stands at £154,185 at March 2019 (2018: £170,863).

The reserves policy is reviewed annually by the trustees.

Fundraising

St Michael's Fellowship is committed to its charitable aims, and fundraises in order to improve the lives and futures of families and to secure the best possible future for their children.

At St Michael's, our fundraising promise to the general public and all our supporters is that our fundraising, in all its forms, is legal, open, honest and respectful.

We will be honest about how donations are used to fulfil our mission, open about the methods we use to raise funds and who we work with, respectful to the wishes, preferences, personal information and circumstances of the people we interact with and we will take all steps necessary to comply with the law and sector fundraising practice standards.

We have a robust complaints policy and have not received any complaints in relation to our fundraising activities.

We do not use third party fundraisers, commercial participators or their representatives to raise funds for us.

Our fundraising is compliant with the Fundraising Regulator as well as Charity Commission guidance. Our approach has been informed by the Institute of Fundraising's guidance on treating donors fairly and General Data Protection Regulation (GDPR).

We have been assessed as complying with the IASME Governance Standard v4 published April 2016, which includes an assessment of Cyber Essentials and GDPR Requirements.

Structure, governance and management

The organisation is a charitable company limited by guarantee, incorporated on 23 March 1994 and registered as a charity on 31 March 1994. The company was established under a memorandum of association which established the objects and powers of the charitable company and is governed under its articles of association.

All trustees give their time voluntarily and receive no benefits from the charity. Any expenses reclaimed from the charity are set out in Note 8 to the accounts.

St Michael's board of trustees is also the board of directors under company law. The board meets formally six times a year. The board of trustees delegates to the Chief Executive the responsibility for managing all the day-to-day affairs of the organisation that fall within the scope of an annually agreed budget and operating plan. The Honorary Treasurer maintains contact with the Chief Executive and the Accountant to review the development and improvement of financial systems and procedures. He does this under authority delegated by the full board of trustees and in accordance with the board's financial procedures manual.

To support the work of the Board there are three sub-committees chaired by trustees and reporting to the Board. The Honorary Treasurer chairs the Finance Committee and oversees budgetary control with the Chief Executive. This committee considers financial matters, proposals and issues of risk before presentation to the Board. The Fundraising Committee advises on fundraising strategy and meets as necessary regularly to review strategy and to support the organisation of events. A Trustee is assigned to each of the residential family assessment centres and the outreach services and these trustees meet as a Services sub-committee twice a year with the Deputy Director to discuss housing issues, monthly inspections and practice matters.

The organisation's occupancy of the houses in which it provides its residential services is governed by management agreements with London and Quadrant Housing Trust and Optivo.

The Board of Trustees has worked to apply the recommended practice of the Charity Governance Code. It has produced and adopted a Governance Manual to provide guidance to Trustees and staff involved in the governance and management of the organisation.

The Trustees believe that the diversity of the service users and staff should be reflected in the makeup of the Board. It recognises that diversity in all its forms leads to a more effective Board.

Following an audit of skills, experience and diversity of background of its members to inform trustee recruitment it has successfully recruited to vacant positions increasing diversity.

The Board annually reviews and assesses its own performance and the performance of its sub-committees. The appraisal of the Chair is carried out by the Deputy Chair having gathered the views of other Trustees.

The Board ensures conflicts of interest and duties are properly addressed and has drawn up a conflicts of interest policy and maintains a register of interests. At the start of each Board meeting all trustees are asked to confirm that they have no conflicts of interest in respect of St Michael's business.

Under Company law we are required to identify the people with significant control (PSC) over the company and confirm their information, maintain a record and provide this information to Companies House annually. We, as a Board, have considered this requirement and do not believe that any Board member or member of staff has significant control over the organisation. Our PSC register reflects this position.

Members of the charity guarantee to contribute an amount not exceeding £1 to the assets of the charity in the event of winding up. The total number of such guarantees at 31 March 2019 was 12 (2018: 12). The trustees are members of the charity but this entitles them only to voting rights. The trustees have no beneficial interest in the charity.

Appointment of trustees

The trustees give their time voluntarily. Trustees have been recruited by advertisement in the main and occasionally by word of mouth, as and when new appointments need to be made in accordance with a matrix of skills and experience that the board has agreed to be required. New trustees are inducted by way of personal briefings as required, an induction pack and the support of a more experienced trustee. All trustees are required to complete 'an introduction to safeguarding' and are given further opportunities for trustee training by attending relevant conferences and seminars. Trustees are appointed to the board by the existing trustees. The trustees are the members of the charitable company.

Remuneration policy for key management personnel

To deliver our charitable aims, St Michael's employs sufficient staff with the necessary skills and qualifications. We are committed to ensuring that we pay our staff a fair and appropriate salary that is within our means. This is so we can attract and retain people with the right skills and therefore have the greatest impact in delivering our objectives. We recognise that our rates of pay are generally less than in the private or public sector but we believe that the training and development we offer compensates along with a shared commitment to our charitable purpose. We utilise the NJC pay scales for all staff and were able to award a modest increase in this year. Any overall change to the rates of pay or to the salaries of senior staff is made by the Board. The pension provisions for all

staff regardless of seniority are the same. The remuneration ratio (highest paid versus the median salary) is 2.19:1 (2018: – 2.13:1). We do not pay less than the London Living wage.

Statement of responsibilities of the trustees

The trustees (who are also directors of St Michael's Fellowship for the purposes of company law) are responsible for preparing the trustees' annual report 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 these 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 and statements of recommended practice 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 charity will continue in operation.

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company 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 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 auditor is unaware
- 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.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Farewell / Other comments

Sadly, we report the death of Tessa Baring CBE, Patron and former Chair of St Michael's, on 25th May 2019. We have so much to thank her for; she was intimately involved in the growth of St Michael's from a single project to a number of services, and with the development of a management structure. Tessa became involved in St Michael's in 1974 and finally retired in 2007. During that time mostly as a trustee and Chair of the Board she negotiated with what was the DfE on the development of 'special projects' which led to our partnership with L&Q (London & Quadrant Housing Trust) and the opening of a property in Herne Hill for families.

She helped in the negotiations to have residential family assessment centres appropriately registered under the Care Standards Act instead of the Registered Homes Act. She successfully supported us with fundraising and she brought to the charity a wider understanding of the voluntary sector and its role because of the various positions she took on outside St Michael's.

Acknowledgements

We recognise that none of our achievements would have been possible without the hard work, innovation, dedication and commitment of all our staff. We would especially like to thank them, the Chief Executive, the Deputy Director and the Senior Management Team for another successful year in challenging times.

Auditor

Sayer Vincent LLP was re-appointed as the charitable company's auditor during the year and has expressed its willingness to continue in that capacity.

The trustees' annual report has been approved by the trustees on 12 September 2019 and signed on their behalf by

Stephen Hair
Chair

Opinion

We have audited the financial statements of St Michael's Fellowship (the 'charitable company') for the year ended 31 March 2019 which comprise the statement of financial activities, balance sheet, 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 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
- 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 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 other information comprises the information included in the trustees' annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for

Independent auditor's report

To the members of

St Michael's Fellowship

the other information. 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' annual report, for the financial year for which the financial statements are prepared is consistent with the financial statements
- The trustees' annual report, has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the 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' annual 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 returns adequate for our audit have not been received from branches not visited by us; 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' annual report and from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities set out in the trustees' annual report, 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

Independent auditor's report

To the members of

St Michael's Fellowship

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 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.

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 entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- 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 entity'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 entity 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.

Independent auditor's report

To the members of

St Michael's Fellowship

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.

Use of our report

This report is made solely to the charitable 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 charitable 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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Joanna Pittman (Senior statutory auditor)

18 October 2019

for and on behalf of Sayer Vincent LLP, Statutory Auditor

Invicta House, 108–114 Golden Lane, LONDON, EC1Y 0TL

St. Michael's Fellowship

Statement of financial activities (incorporating an income and expenditure account)

For the year ended 31 March 2019

	Note	Restricted £	Unrestricted £	2019 Total £	Restricted £	Unrestricted £	2018 Total £
Income from:							
Donations	2	24,285	69,920	94,205	55,930	85,208	141,138
Interest receivable		–	3,005	3,005	–	1,194	1,194
Charitable activities:							
Residential & community assessment	3	4,445	1,829,328	1,833,773	2,850	2,152,608	2,155,458
Community projects	4	393,108	12,934	406,042	279,797	698	280,495
Residents grants fund	15	2,457	–	2,457	2,513	–	2,513
Total income		424,295	1,915,187	2,339,482	341,090	2,239,708	2,580,798
Expenditure on:							
Raising funds		3,300	105,184	108,484	10,323	80,947	91,270
Charitable activities:							
Residential & community assessment		8,730	1,839,133	1,847,863	12,155	1,888,240	1,900,395
Community projects		411,051	93,985	505,036	357,351	48,626	405,977
Residents grants fund	15	2,570	–	2,570	2,429	–	2,429
Total expenditure	5	425,651	2,038,302	2,463,953	382,258	2,017,813	2,400,071
Net (expenditure)/income for the year	7	(1,356)	(123,115)	(124,471)	(41,168)	221,895	180,727
Transfer between funds	15	45,189	(45,189)	–	36,554	(36,554)	–
Movement in funds		43,833	(168,304)	(124,471)	(4,614)	185,341	180,727
Reconciliation of funds:							
Total funds at the start of the year		104,643	1,143,411	1,248,054	109,257	958,070	1,067,327
Total funds at the end of the year	15	148,476	975,107	1,123,583	104,643	1,143,411	1,248,054

All of the above results are derived from material continuing activities. There were no other recognised gains or losses other than those stated above. Movements in funds are disclosed in note 15 to the financial statements.

St. Michael's Fellowship (Limited by Guarantee)

Balance sheet

Company No. 2914273

As at 31 March 2019

	Note	£	2019 £	£	2018 £
Fixed assets					
Tangible assets	11		<u>8,598</u>		<u>11,253</u>
Current assets					
Debtors	12	312,264		467,031	
Cash at bank and in hand		<u>919,302</u>		<u>928,516</u>	
		1,231,565		1,395,547	
Creditors: amounts falling due within one year	13	<u>116,580</u>		<u>158,746</u>	
Net current assets			<u>1,114,985</u>		<u>1,236,801</u>
Total net assets	14		<u><u>1,123,583</u></u>		<u><u>1,248,054</u></u>
Funds					
Restricted funds			148,476		104,643
Unrestricted funds					
Designated funds			820,922		972,548
Working capital fund			<u>154,185</u>		<u>170,863</u>
Total funds	15		<u><u>1,123,583</u></u>		<u><u>1,248,054</u></u>

Approved by the trustees on 12 September 2019 and signed on their behalf by

Stephen Hair
Chair

St. Michael's Fellowship

Statement of cash flows

For the year ended 31 March 2019

	Note	2019 £	£	2018 £	£
Cash flows from operating activities					
Net (expenditure)/income for the year (as per the statement of financial activities)		(124,471)		180,727	
Depreciation charges		5,002		10,415	
Interest receivable		(3,005)		(1,194)	
(Increase)/decrease in debtors		154,767		(146,652)	
Increase/(decrease) in creditors		(42,165)		28,071	
Net cash provided by operating activities			(9,872)		71,367
Cash flows from investing activities:					
Interest received		3,005		1,194	
Purchase of fixed assets		(2,347)		(2,970)	
Net cash provided by investing activities			658		(1,776)
Change in cash and cash equivalents in the year			(9,214)		69,591
Cash and cash equivalents at the beginning of the year			928,516		858,925
Cash and cash equivalents at the end of the year			919,302		928,516
Analysis of cash and cash equivalents					
	At 1 April 2018 £	Cash flows £	Other changes £	At 31 March 2019 £	
Cash at bank and in hand	510,089	(11,293)	–	498,796	
Notice deposits (less than three months)	418,427	2,079	–	420,506	
Total cash and cash equivalents	928,516	(9,214)	–	919,302	

1 Accounting policies

a) Statutory information

St Michael's Fellowship is a charitable company limited by guarantee and is incorporated in the United Kingdom. The registered office address is 136 Streatham High Road, LONDON, SW16 1BW.

b) Basis of Preparation

The financial statements have been prepared in accordance with 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) – (Charities SORP FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (September 2015) and the Companies Act 2006.

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy or note.

c) Public benefit entity

The charitable company meets the definition of a public benefit entity under FRS 102.

d) Going concern

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

The trustees do not consider that there are any sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

e) Income

Voluntary income is received by way of donations and gifts and is usually included in full in the statement of financial activities when received. Donations received in respect of the London Marathon event are deferred until the Marathon has taken place.

Revenue grants are credited to the statement of financial activities when received or receivable whichever is earlier. Grants received that relate to a specific time period are deferred if it is outside the accounting period.

Fee and contract income is credited to the statement of financial activities in the period in which it is receivable and where any performance conditions attached to the income have been met. Any fee income received in advance of the financial period to which it relates is deferred and recognised in line with the period over which the related activity will be undertaken.

f) Donations of gifts, services and facilities

Donated professional services and donated facilities are recognised as income when the charity has received the service, any conditions associated with the donation have been met, and the economic benefit can be measured reliably. In accordance with the Charities SORP (FRS 102), volunteer time is not recognised. Trustees give their time voluntarily.

On receipt, donated gifts, professional services and donated facilities are recognised on the basis of the value of the gift to the charity which is the amount the charity would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

g) Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably; this is normally upon notification of the interest paid or payable by the bank.

1 Accounting policies (continued)

h) Fund accounting

Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure which meets these criteria is charged to the fund.

Unrestricted funds are maintenance fees, grants, charges, donations and other incoming resources receivable or generated for the objects of the charity.

Designated funds are unrestricted funds earmarked by the trustees for particular purposes.

The charity transfers funds from unrestricted funds to restricted funds where there has been higher expenditure in running a project than the funds provided. Transfers of funds also are made from general funds to designated funds in order to reach the specified target balances of the designated funds. No transfers are made out of restricted funds without written authority from the original funder.

i) Expenditure and irrecoverable VAT

Resources expended are recognised in the period in which they are incurred. Resources expended include attributable VAT which cannot be recovered.

Costs of raising funds relate to the costs incurred by the charitable company in raising funds for the charitable work, as well as the cost of any activities with a fundraising purpose. Specifically this includes the Bonds payable for the runners in the London Marathon.

Where information about the aims, objectives and projects of the charity is provided to potential beneficiaries, the costs associated with this publicity are allocated to charitable expenditure.

Where such information about the aims, objectives and projects of the charity is also provided to potential donors, activity costs are apportioned between fundraising and charitable activities on the basis of the area of literature occupied by each activity.

Resources expended are allocated to a particular activity where the cost relates directly to that activity.

Support costs for the overall direction and administration of each activity, comprising the salary and overhead cost of the central function, are apportioned on the following basis:

- Support costs are allocated and reported to community projects on the basis of the funding agreement but internally are budgeted and attributed on a full cost recovery basis.
- Remaining support costs are apportioned to the residential assessment centres based on the number of rooms available for residents in each house, which is an estimate of the amount attributable to each activity.

Note 6 shows how support costs have been re-allocated to the residential assessment centres and community projects.

Governance costs are the costs associated with the governance arrangements of the charity. These costs are associated with constitutional and statutory requirements and include any costs associated with the strategic management of the charity's activities. Governance costs have been apportioned across residential assessment centres and community projects based on the income ratios of each activity.

1 Accounting policies (continued)

j) Tangible fixed assets

Items of equipment are capitalised where the purchase price exceeds £2,000. Depreciation costs are allocated to activities on the basis of the use of the related assets in those activities. Assets are reviewed for impairment if circumstances indicate their carrying value may exceed their net realisable value and value in use.

Depreciation is provided at rates calculated to write down the cost of each asset to its estimated residual value over its expected useful life. The depreciation rates in use are as follows:

House fixtures and fittings	10 years	(10%)
House equipment	4 years	(25%)
Head Office Leasehold	10 years	(10%)
Head Office Equipment – telephone system	10 years	(10%)
Head Office Equipment – equipment	4 years	(25%)

k) Operating leases

Rentals payable under operating leases, where substantially all the risks and rewards of ownership remain with the lessor, are charged to the statement of financial activities in the year in which they fall due.

l) Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

m) Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

n) Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

o) Financial instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

p) Pensions

The charitable company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the charitable company in an independently administered fund. The pension cost charge represents contributions payable under the scheme by the charitable company to the fund. The charitable company has no liability under the scheme other than for the payment of those contributions.

St. Michael's Fellowship

Notes to the financial statements

For the year ended 31 March 2019

2 Income from Donations			2019			2018
	Restricted	Unrestricted	Total	Restricted	Unrestricted	Total
	£	£	£	£	£	£
London Marathon	-	34,925	34,925	-	23,621	23,621
Ride London	-	-	-	-	3,813	3,813
Uxbridge Foundation	-	-	-	-	1,000	1,000
Dyers Company	-	1,000	1,000	-	1,000	1,000
CA Redfern Charitable Foundation	-	1,000	1,000	-	1,000	1,000
Small Trust Appeal	-	7,100	7,100	-	3,050	3,050
Elizabeth & Prince Zaiger Trust	-	5,000	5,000	-	5,000	5,000
University of Sussex Graduate Internship	3,300	-	3,300	8,000	-	8,000
William Allen Young Trust	-	2,000	2,000	-	-	-
Trusthouse Charitable Foundation	-	-	-	20,000	-	20,000
Invesco Cares Foundation	3,000	-	3,000	-	-	-
Leathersellers Trust	-	-	-	-	12,500	12,500
Howberry Trust	-	1,000	1,000	-	3,000	3,000
Gibbs Charitable Trust	-	-	-	1,000	-	1,000
Esme Fairbairn Foundation	15,000	-	15,000	-	-	-
Tilehouse Trust	2,000	-	2,000	-	-	-
Sir Walter St John's Educational Charity	985	-	985	930	-	930
Fitton Trust	-	-	-	-	300	300
The Ardwick Trust	-	200	200	-	-	-
Harapan Trust	-	200	200	-	-	-
Rest Harrow Trust	-	100	100	-	-	-
Jet Charitable Trust	-	500	500	-	-	-
MVM Charitable Trust	-	150	150	-	-	-
Shanly Foundation	-	2,000	2,000	-	-	-
The British Humane Society	-	-	-	2,000	-	2,000
Garfield Weston Foundation	-	-	-	20,000	-	20,000
Noel Buxton Trust	-	-	-	3,500	-	3,500
29th May Trust	-	-	-	-	5,000	5,000
Philip King Charitable Trust	-	500	500	-	-	-
Other donations	-	14,245	14,245	500	25,924	26,424
	<u>24,285</u>	<u>69,920</u>	<u>94,205</u>	<u>55,930</u>	<u>85,208</u>	<u>141,138</u>

3 Income from Charitable Activities

Residential & Community assessment			2019			2018
	Restricted	Unrestricted	Total	Restricted	Unrestricted	Total
	£	£	£	£	£	£
General fees	-	1,769,438	1,769,438	-	2,082,282	2,082,282
Parental support	3,445	41,768	45,213	2,850	52,431	55,281
Supporting People	-	12,718	12,718	-	12,347	12,347
Charges	-	5,404	5,404	-	4,988	4,988
ASYE Dept. for Education	1,000	-	1,000	-	-	-
Other	-	-	-	-	560	560
	<u>4,445</u>	<u>1,829,328</u>	<u>1,833,773</u>	<u>2,850</u>	<u>2,152,608</u>	<u>2,155,458</u>

4 Income from Charitable Activities	2019			2018		
Community projects	Restricted £	Unrestricted £	Total £	Restricted £	Unrestricted £	Total £
Lambeth Outreach Young Parents Lambeth Children's Centres and Early Years	150,000	–	150,000	150,000	–	150,000
Health Education England	21,418	–	21,418	21,147	–	21,147
National Children's Bureau	–	–	–	60,880	–	60,880
BBC Children in Need	21,412	–	21,412	–	–	–
City Bridge Trust	9,986	–	9,986	–	–	–
Caring Dads Programmes	19,500	–	19,500	19,500	–	19,500
St James' Place Foundation	–	12,769	12,769	–	–	–
Philip King Charitable Trust	62,080	–	62,080	–	–	–
Big Lottery Fund	–	–	–	25,000	–	25,000
KPMG Foundation	68,229	–	68,229	2,270	–	2,270
Tudor Trust	12,500	–	12,500	–	–	–
Pilgrim Trust	10,000	–	10,000	–	–	–
Lambeth Summer HAP	15,000	–	15,000	–	–	–
Buttle UK–Chances for Children	1,000	–	1,000	1,000	–	1,000
Other	1,983	–	1,983	–	–	–
	–	165	165	–	698	698
	<u>393,108</u>	<u>12,934</u>	<u>406,042</u>	<u>279,797</u>	<u>698</u>	<u>280,495</u>

St. Michael's Fellowship

Notes to the financial statements

For the year ended 31 March 2019

5a Total expenditure (current year)

	Costs of raising funds	Residential & Community assessment	Community projects	Residents grants fund	Governance costs	Support costs	2019 Total	2018 Total
	£	£	£	£	£	£	£	£
Staff costs (note 8)	70,292	1,415,345	362,440	–	10	225,640	2,073,727	1,983,936
Premises costs	–	29,922	–	–	–	50,837	80,759	72,439
Maintenance	–	32,822	491	–	–	3,808	37,121	36,804
Insurance	–	–	–	–	–	15,212	15,212	16,627
Professional fees	–	6,807	–	–	1,213	5,710	13,730	9,632
Housing association charges	–	84,002	–	–	–	–	84,002	82,215
Communications & stationery	145	40,453	3,726	–	34	24,770	69,128	63,597
Publicity	9,137	–	–	–	–	–	9,137	8,407
Residents' welfare	–	3,349	46,517	2,570	–	341	52,777	89,233
Depreciation	–	737	–	–	–	4,265	5,002	10,415
Audit and accountancy	–	–	–	–	11,160	–	11,160	10,800
Travel	–	3,994	3,212	–	–	219	7,425	5,979
Sundry expenses	2,109	2,089	–	–	105	470	4,773	9,987
Total expenditure	81,683	1,619,520	416,386	2,570	12,522	331,272	2,463,953	2,400,071
Reallocation of support costs (note 6)	24,532	203,062	83,788	–	19,890	(331,272)	–	–
Reallocation of governance costs	2,269	25,281	4,862	–	(32,412)	–	–	–
Total expenditure	108,484	1,847,863	505,036	2,570	–	–	2,463,953	2,400,071

St. Michael's Fellowship

Notes to the financial statements

For the year ended 31 March 2019

5b Total expenditure (prior year)

	Costs of raising funds	Residential & Community assessment	Community projects	Residents grants fund	Governance costs	Support costs	2018 Total
	£	£	£	£	£	£	£
Staff costs (note 8)	49,208	1,428,668	278,853	–	621	226,586	1,983,936
Premises costs	–	22,080	665	–	–	49,694	72,439
Maintenance	–	32,952	232	–	–	3,620	36,804
Insurance	–	11,741	–	–	–	4,886	16,627
Professional fees	–	6,105	500	–	1,006	2,021	9,632
Housing association charges	–	82,215	–	–	–	–	82,215
Communications & stationery	1,313	32,371	4,451	–	–	25,462	63,597
Publicity	8,287	–	–	–	–	120	8,407
Residents' welfare	–	2,389	84,415	2,429	–	–	89,233
Depreciation	–	248	–	–	–	10,167	10,415
Audit and accountancy	–	–	–	–	10,800	–	10,800
Travel	20	4,114	1,610	–	–	235	5,979
Sundry expenses	6,609	2,721	290	–	71	296	9,987
Total expenditure	65,437	1,625,604	371,016	2,429	12,498	323,087	2,400,071
Reallocation of support costs (note 6)	23,309	245,229	30,996	–	23,553	(323,087)	–
Reallocation of governance costs	2,524	29,562	3,965	–	(36,051)	–	–
Total expenditure	91,270	1,900,395	405,977	2,429	–	–	2,400,071

6 Support costs

Support costs are allocated to charitable activities as follows:

	Costs of raising funds £	Residential & Community assessment £	Community projects £	Governance £	2019 Total £	2018 Total £
Head office staff	12,558	153,648	41,092	18,342	225,640	226,586
Premises costs	6,274	21,384	22,368	811	50,837	49,694
Maintenance	470	1,602	1,675	61	3,808	3,620
Insurance	1,877	6,399	6,693	243	15,212	4,886
Professional fees	–	5,710	–	–	5,710	2,021
Communications & stationery	2,812	11,566	10,029	363	24,770	25,462
Publicity	–	–	–	–	–	120
Residents' welfare	–	341	–	–	341	–
Depreciation	526	1,794	1,877	68	4,265	10,167
Travel	–	219	–	–	219	235
Sundry expenses	15	399	54	2	470	296
	<u>24,532</u>	<u>203,062</u>	<u>83,788</u>	<u>19,890</u>	<u>331,272</u>	<u>323,087</u>

7 Net (expenditure)/income for the year

This is stated after charging:

	2019 £	2018 £
Depreciation	5,002	10,415
Trustees' remuneration	–	–
Trustees' expenses	–	–
Auditors' remuneration:		
▪ Audit	9,400	9,000
Operating lease rentals:		
▪ Equipment	22,104	20,362
▪ Property	124,002	122,215

8 Analysis of staff costs, cost of key management personnel, and trustee remuneration and expenses

Staff costs were as follows:

	2019 £	2018 £
Salaries and wages	1,290,721	1,283,006
Redundancy and termination costs	7,759	–
Social security costs	165,432	163,087
Employer's contribution to defined contribution pension schemes	68,245	44,796
Sessional staff	467,901	399,978
Agency staff	15,458	38,288
Other staff costs	58,211	54,781
	<u>2,073,727</u>	<u>1,983,936</u>

1 employee earned between £60,000–£70,000, and 1 employee earned between £70,000 and £80,000, including pension contributions (2018: 1 and 1 respectively).

The total employee benefits including pension contributions and national insurance of the key management personnel were £178,284 (2018: £174,602).

The charity trustees were not paid nor received any other benefits from employment with the charity in the year (2018: £nil). No charity trustee received payment for professional or other services supplied to the charity (2018: £nil).

Trustees' expenses represents the payment or reimbursement of travel and subsistence costs totalling £nil (2018: £nil) incurred by members relating to attendance at meetings of the trustees.

The average number of employees, including sessional staff, employed during the year was as follows:

	Headcount (number of staff employed)		Full-time equivalent	
	2019 No.	2018 No.	2019 No.	2018 No.
Social and care workers	90.47	82.08	45.16	43.61
Management	7.20	5.75	6.14	5.71
	<u>97.67</u>	<u>87.83</u>	<u>51.30</u>	<u>49.32</u>

9 Related party transactions

There are no related party transactions to disclose for 2019 (2018: none).

Aggregate donations from related parties were £328 from donations and £130 for marathon donations (2018: £100 donations and £150 marathon donations), all of which arise in the normal course of business.

10 Taxation

The charitable company is exempt from corporation tax as all its income is charitable and is applied for charitable purposes.

11 Tangible fixed assets

	Head Office Leasehold Improvements £	Head Office Equipment £	House Fixtures & Fittings £	House Equipment £	Total £
Cost					
At the start of the year	94,687	43,788	15,059	31,054	184,588
Additions during year	–	–	2,347	–	2,347
At the end of the year	94,687	43,788	17,406	31,054	186,935
Depreciation					
At the start of the year	86,156	43,788	15,059	28,332	173,335
Charge for the year	4,265	–	489	248	5,002
At the end of the year	90,421	43,788	15,548	28,580	178,337
Net book value					
At the end of the year	4,266	–	1,858	2,474	8,598
At the start of the year	8,531	–	–	2,722	11,253

All of the above assets are used for charitable purposes.

12 Debtors

	2019 £	2018 £
Trade debtors receivable	279,340	219,130
Other debtors	1,244	213,844
Prepayments	31,680	34,057
	<u>312,264</u>	<u>467,031</u>

13 Creditors : amounts falling due within one year

	2019 £	2018 £
Trade creditors	22,385	44,805
Taxation & social security	40,160	47,948
Income received in advance	5,425	1,667
Accruals	38,386	45,387
Other creditors	10,224	18,939
	<u>116,580</u>	<u>158,746</u>

14a Analysis of net assets between funds (current year)

	General unrestricted £	Designated funds £	Restricted funds £	Total funds £
Tangible fixed assets	2,473	3,156	2,969	8,598
Net current assets	146,003	862,005	106,977	1,114,985
Net assets at 31 March 2019	148,476	865,161	109,946	1,123,583

14b Analysis of net assets between funds (prior year)

	General unrestricted £	Designated funds £	Restricted funds £	Total funds £
Tangible fixed assets	2,722	6,308	2,223	11,253
Net current assets	168,141	966,240	102,420	1,236,801
Net assets at 31 March 2018	170,863	972,548	104,643	1,248,054

Restricted Funds: The net book value £2,969 of fixed assets purchased with restricted funds (2018 £2,223) comprises the balance of a grant received from the Trusthouse Charitable Foundation to part-fund the 2010/11 building costs of the Jigsaw mock flat at Head office which is being depreciated over 10 years, and the balance of the Capital Appeal for replacement carpet at one of the residential units which is being depreciated over 4 years.

Designated Funds: The net book value £3,156 (2018 £6,308) of fixed assets under designated funds comprises the balance in the Development Fund in respect of 2010/11 building works of the Jigsaw mock flat and office refurbishment of the community assessment & resettlement service which is being depreciated over 10 years.

Notes to the financial statements

For the year ended 31 March 2019

15a Movements in funds (current year)

	At 1 April 2018 £	Income & gains £	Expenditure & losses £	Transfers £	At 31 March 2019 £
Restricted funds:					
Lambeth Outreach Young Parents	–	150,000	(195,189)	45,189	–
Lambeth Summer HAP	–	1,000	(1,000)	–	–
Lambeth Public Health	17,134	–	(1,720)	–	15,414
Lambeth Children's Centres Programme	–	21,418	(21,418)	–	–
DWP Caring Dads	1,500	–	–	–	1,500
City of London, City Bridge Trust	–	19,500	(19,500)	–	–
National Children's Bureau	–	21,412	(20,195)	–	1,217
BBC Children in Need	–	9,986	(9,986)	–	–
CWDC	19,586	–	–	–	19,586
ASYE Dept. for Education	–	1,000	(843)	–	157
Trusthouse Charitable F'n – Jigsaw	2,223	–	(1,111)	–	1,112
Foyle Foundation	9,232	–	(175)	–	9,057
Residents grants fund	2,714	2,457	(2,570)	–	2,601
Buttle UK – Chances for Children	–	1,983	(469)	–	1,514
Elizabeth & Prince Zaiger Trust – Capital	1,273	–	–	–	1,273
Santander Foundation	592	–	–	–	592
Summer Trips Appeal	1,094	–	(46)	–	1,048
University of Sussex Grad. Internship	–	3,300	(3,300)	–	–
Capital Appeal	7,100	–	(6,776)	–	324
The Fence Club – 5-a-day Appeal	591	–	(421)	–	170
Sir Walter St John's Educational Charity	–	985	(985)	–	–
Garfield Weston Foundation	10,000	–	(10,000)	–	–
Noel Buxton Trust	1,800	–	(1,800)	–	–
Big Lottery Fund	–	68,229	(57,676)	–	10,553
Securing Change Appeal	633	–	–	–	633
Elizabeth & Prince Zaiger Trust	4,171	–	–	–	4,171
Philip King Charitable Trust	25,000	–	(5,895)	–	19,105
Esmee Fairbairn Foundation	–	15,000	(14,978)	–	22
Tilehouse Trust	–	2,000	(2,000)	–	–
Invesco Cares Foundation	–	3,000	(3,000)	–	–
St James' Place Foundation	–	62,080	(15,520)	–	46,560
KPMG Foundation	–	12,500	(12,159)	–	341
Tudor Trust	–	10,000	(3,790)	–	6,210
Pilgrim Trust	–	15,000	(9,684)	–	5,316
CAFCASS	–	3,445	(3,445)	–	–
Total restricted funds	104,643	424,295	(425,651)	45,189	148,476
Unrestricted funds:					
<i>Designated funds:</i>					
Staff contingency fund	694,020	–	–	(19,494)	674,526
Development fund	278,528	–	(87,893)	(44,239)	146,396
<i>Total designated funds</i>	<i>972,548</i>	<i>–</i>	<i>(87,893)</i>	<i>(63,733)</i>	<i>820,922</i>
<i>Working capital fund</i>	<i>170,863</i>	<i>1,913,115</i>	<i>(1,948,337)</i>	<i>18,544</i>	<i>154,185</i>
Total unrestricted funds	1,143,411	1,913,115	(2,036,230)	(45,189)	975,107
Total funds including pension fund	1,248,054	2,337,410	(2,461,881)	–	1,123,583

A transfer has been made from the Working capital fund to the Restricted Lambeth outreach fund, to cover the expenditure incurred in excess of the funding received, during the year.

The narrative to explain the purpose of each fund is given at the foot of the note below.

15b Movements in funds (prior year)

	At 1 April 2017 £	Income & gains £	Expenditure & losses £	Transfers £	At 31 March 2018 £
Restricted funds:					
Lambeth Outreach Young Parents	–	150,000	(186,554)	36,554	–
Lambeth Summer HAP	–	1,000	(1,000)	–	–
Lambeth Public Health	18,923	–	(1,789)	–	17,134
Lambeth Children's Centres Programme	–	21,147	(21,147)	–	–
DWP Caring Dads	21,115	–	(19,615)	–	1,500
Health Education England	–	60,880	(60,880)	–	–
City of London, City Bridge Trust	–	19,500	(19,500)	–	–
CWDC	25,637	–	(6,051)	–	19,586
Baring Foundation	1,621	–	(1,621)	–	–
ASYE Dept. for Education	157	–	(157)	–	–
Trusthouse Charitable F'n – Jigsaw	3,334	–	(1,111)	–	2,223
Trusthouse Charitable F'n Young Parents	–	20,000	(20,000)	–	–
Foyle Foundation	9,334	–	(102)	–	9,232
Residents grants fund	2,630	2,513	(2,429)	–	2,714
Elizabeth & Prince Zaiger Trust – Capital	4,609	–	(3,336)	–	1,273
Santander Foundation	1,522	–	(930)	–	592
Summer Trips Appeal	1,094	–	–	–	1,094
University of Sussex Grad. Internship	–	8,000	(8,000)	–	–
Capital Appeal	7,100	–	–	–	7,100
The Fence Club – Capital Appeal	1,500	–	(1,500)	–	–
The Fence Club – 5-a-day Appeal	1,103	–	(512)	–	591
Goldsmith Company	1,572	–	(1,572)	–	–
Peter Stebbings Memorial Charity	2,320	–	(2,320)	–	–
Sir Walter St John's Educational Charity	–	930	(930)	–	–
Gibbs Charitable Trust	–	1,000	(1,000)	–	–
The British Humane Society	–	2,000	(2,000)	–	–
Garfield Weston Foundation	–	20,000	(10,000)	–	10,000
Noel Buxton Trust	–	3,500	(1,700)	–	1,800
Big Lottery Fund	–	2,270	(2,270)	–	–
Securing Change Appeal	686	–	(53)	–	633
Elizabeth & Prince Zaiger Trust	5,000	–	(829)	–	4,171
Philip King Charitable Trust	–	25,000	–	–	25,000
CAFCASS	–	2,850	(2,850)	–	–
Other restricted funds	–	500	(500)	–	–
Total restricted funds	109,257	341,090	(382,258)	36,554	104,643
Unrestricted funds:					
<i>Designated funds:</i>					
Staff contingency fund	680,501	–	–	13,519	694,020
Development fund	76,614	–	(8,086)	210,000	278,528
Office relocation fund	5,900	–	(5,900)	–	–
<i>Total designated funds</i>	<i>763,015</i>	<i>–</i>	<i>(13,986)</i>	<i>223,519</i>	<i>972,548</i>
<i>Working capital fund</i>	<i>195,055</i>	<i>2,239,708</i>	<i>(2,003,827)</i>	<i>(260,073)</i>	<i>170,863</i>
Total unrestricted funds	958,070	2,239,708	(2,017,813)	(36,554)	1,143,411
Total funds including pension fund	1,067,327	2,580,798	(2,400,071)	–	1,248,054

The narrative to explain the purpose of each fund is given at the foot of the note below.

15 Movements in funds (continued)

Purposes of restricted funds

Lambeth Outreach Young Parents

The fund supports delivery of services in the community to young mothers and fathers, up to age of 24 years.

Lambeth Summer Holiday Activities Programme (HAP)

Funding to enable us to organise summer outings and activities for young mums, dads and their children.

Lambeth Public Health

To enable St Michael's to support the prevention of unintentional injuries in children aged 0 – 5 by funding the supply of home safety equipment and education.

Lambeth Children's Centres Programme

This fund supports delivery of the DIVA group.

DWP Caring Dads Programme

This fund supports the continued delivery of Caring Dads to young fathers and the development of a film encouraging co-parenting.

Health Education England

Funding to support the development of a Resilience pilot programme for vulnerable children and young people.

City of London, City Bridge Trust

This fund is to support the expansion of the Caring Dads programme into Lambeth, Wandsworth, Merton, Southwark and Croydon, to scope the market and test the feasibility of social investment.

National Children's Bureau

This fund is to support 2 parents' groups in the LEAP areas: "Confident Mums" and "Safer, Stronger."

BBC Children in Need

Funding to support community group programmes for mothers and children.

The Children's Workforce Development Council (CWDC)

Funds to enable St Michael's to support the development of newly qualified social workers within the organisation.

Assessed and Supported Year in Employment (ASYE) Dept. for Education

To support newly qualified social workers in their first year of employment.

Baring Foundation

Funding to support the research associated with parents who leave assessments without their child.

Trusthouse Charitable Foundation – Jigsaw

Funding to contribute to the development of the Jigsaw mock flat to support the work of our community assessment and outreach service with families. This expenditure has been capitalised and is being depreciated over future years.

Trusthouse Charitable Foundation – Young Parent

To support young parents during pregnancy and through until their child is one year old.

Foyle Foundation

A grant to support and teach literacy and numeracy across all our services.

Residents grants fund

This fund includes amounts received from various organisations including Housing the Homeless, for specific equipment and other purchases for some of the families as they move to new accommodation. The carried forward funds will be spent in the following year. These funds continue to be segregated in a separate bank account.

Buttle UK – Chances for Children

This grant is to support specific activities for individual vulnerable families.

Elizabeth & Prince Zaiger Trust – Capital

To support the Capital Appeal to replace furniture, carpets, equipment and toys in St Michael's.

Santander Foundation

To fund summer activities for the families with whom we work.

15 Movements in funds (continued)

Purposes of restricted funds (continued)

Summer trips Appeal

To fund summer activities for the families with whom we work.

University of Sussex Graduate Internship

Scheme to pay for the employment of a University of Sussex graduate and an undergraduate, to support the fundraising function for 10 weeks.

Capital Appeal

To support the replacement of furniture, carpets, equipment in the Residential Schemes and at Head Office.

The Fence Club – Capital

To support the replacement of furniture, carpets, equipment in one of the Residential Schemes.

The Fence Club – 5-a-day

Funding to purchase the tools and materials to support this programme of parent-child engagement.

Goldsmith Company

To support refurbishment of the meeting rooms used by the Outreach team with young parents.

Peter Stebbings Memorial Foundation

To contribute to the support offered to disadvantaged parents in Lambeth to improve wellbeing, and the life chances of their children.

Sir Walter St John's Educational Charity

This grant supported the programme of summer outings and activities for young parents and their children.

Gibbs Charitable Trust

To support our work with young fathers.

The British Humane Society

A grant towards Outreach programmes and equipment.

Garfield Weston Foundation

This fund is to support community work to combat domestic abuse in Lambeth.

Noel Buxton Trust

This grant supports work with young mothers who experience domestic abuse.

Big Lottery Fund

This funding supports the Securing Change project, to develop an intensive service of support for parents who leave St Michael's without their child.

Securing Change Appeal

To contribute to the costs of providing an intensive service of one to one and group support for parents who leave St Michael's without their child.

Elizabeth & Prince Zaiger Trust

To support the Securing Change project (as above).

Philip King Charitable Trust

This funding also supports the Securing Change project (as above).

Esmee Fairbairn Foundation

A grant to support an innovative project devised by an independent youth worker.

Tilehouse Trust

Funding to support work with young parents.

Invesco Cares Foundation

Funding to support work with young parents and disadvantaged families in South London.

15 Movements in funds (continued)

Purposes of restricted funds (continued)

St James Place Foundation

Funding for the post of Outreach Manager, with responsibility for leading a team of skilled practitioners across all areas of Outreach work with young parents.

KPMG Foundation

Funding to support the evaluation of the Securing Change project (as above).

Tudor Trust

To support the Securing Change project (as above).

Pilgrim Trust

To support the Securing Change project (as above).

CAFCASS

Funding to assist with the provision of supported contact services to children and families.

Other restricted funds

Other restricted funds includes various small amounts of funds received and raised by St. Michael's to be spent on outreach work as required and to fund small shortfalls in outreach projects.

Purposes of designated funds

Staff contingency fund

This fund has been designated to reflect the trustees' assessment of the risk to which St Michael's is exposed and their policy on reserves, both as set out in their report accompanying these accounts.

Development fund

The development fund was initially set up in 2001 to hold monies designated for expenditure on existing and new work subject to the case-by-case approval of the trustees.

Office Relocation Fund

This fund was set up to cover the costs of the relocation of the main office which took place during 2008/09. The total costs of relocation were £83,964 and, as detailed in note 14, most of this expenditure related to fixed assets which are being capitalised as required by our accounting policy. The fund balance represents the net book value of these assets and will reduce annually as depreciation is charged against the fund.

16 Operating lease commitments

The charity's total future minimum lease payments under non-cancellable operating leases is as follows for each of the following periods:

	Equipment		Property	
	2019 £	2018 £	2019 £	2018 £
Less than one year	27,330	20,362	54,528	82,005
One to five years	56,675	50,904	–	–
	<u>84,005</u>	<u>71,266</u>	<u>54,528</u>	<u>82,005</u>

17 Legal status of the charity

The charity is a company limited by guarantee and has no share capital. The liability of each member in the event of winding up is limited to £1.