

St Cuthbert's Care
(A company limited by guarantee)
Annual Report
for the year ended 31 March 2019

Registered Number 1645917

Registered Charity Number 512912

St Cuthbert's Care

Annual Report

for the year ended 31 March 2019

Contents

Directors and Advisors for the year ended 31 March 2019	1
Directors' report for the year ended 31 March 2019	2
Independent auditors' report to the members of St Cuthbert's Care	8
Statement of financial activities (incorporating an Income and Expenditure Account) for the year ended 31 March 2019	11
Reconciliation of funds for the year ended 31 March 2019	12
Balance sheet as at 31 March 2019	13
Cash flow statement for the year ended 31 March 2019	14
Accounting policies	15
Notes to the financial statements for the year ended 31 March 2019	18

St Cuthbert's Care

Directors and Advisors for the year ended 31 March 2019

The Directors of the Company who were in office during the year and up to the date of signing the financial statements were:

Directors

Miss M Ashman	(Chief Executive)
Right Rev Bishop R Byrne	(ex-officio) (appointed 25 March 2019)
Right Rev Bishop S Cunningham	(ex-officio) (resigned 25 March 2019)
Mr J Devine	
Mr M Dickson	
Reverend D Donnelly	(Chairman)
Mr N Gilbert	
Dr J Kelliher	
Mr P Moran	
Mrs K Urwin	

Company secretary and registered office

Mr N Gilbert
St Cuthbert's House
West Road
Newcastle upon Tyne
NE15 7PY

Independent Auditors

PricewaterhouseCoopers LLP
Central Square South
Orchard Street
Newcastle upon Tyne
NE1 3AZ

Solicitors

Muckle LLP
Time Central
32 Gallowgate
Newcastle upon Tyne
NE1 4BF

Bankers

National Westminster Bank PLC
16 Northumberland Street
Newcastle upon Tyne
NE1 7EL

Directors' report for the year ended 31 March 2019

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

Structure, governance and management

The Charity was founded in 1946 and then incorporated in England as a charitable company limited by guarantee on 23 June 1982. It is governed by Articles of Association which were last amended on 19 March 2014. Its objects are to carry out all forms of social welfare work.

Governance and internal control

The Articles of Association allow for up to 12 directors to be appointed at any one time. The Directors are also trustees. The Board of Directors meets quarterly and has appointed a Chief Executive to manage the day-to-day activities. The Chief Executive is a director.

The Board is supported by three sub-committees:

- The Audit, Finance and Risk sub-committee oversees the finances and management of risk for the Charity. Effective risk management is embedded within the culture of St Cuthbert's Care. The managers of the Charity's services implement, review and amend risk management plans as and when required; often daily. A risk panel, comprising the Charity's key management personnel and the Risk Manager, meet monthly to assess all risks to the Charity, both potential and actual, and implements appropriate controls.
- The Remuneration sub-committee benchmarks and reviews salaries and benefits across the Charity.
- The Nominations sub-committee considers suitable applicants to be proposed to the full Board for consideration for appointment as directors. Directors are interviewed and proposed by the Nominations sub-committee and appointed by invitation of the Bishop. The Charity aims to ensure and maintain a balance of skills and experience relevant to the work and business needs of the Charity.

Key management personnel

Chief Executive	Moira Ashman
Director of Care	Sheila Errington
Director of Finance	Nic Gilbert
Director of HR	Geraldine Martin

Directors

The Directors of the company during the year and up to the date of signing are listed on page one. The Bishop of the Roman Catholic Diocese of Hexham & Newcastle has ex-officio status on the Board.

The Charity inducts every director upon appointment and provides training days. These are led by the Chief Executive and typically, include refresher training on trustees and directors' legal duties and responsibilities. Visits to the Charity's services are arranged for the Directors so they can meet the Charity's beneficiaries and employees. This maximises informed decision making.

St Cuthbert's Care

Investment policy

Under the Articles of Association, the Charity has the power to make any investment which the Directors see fit. Currently, and throughout the year, funds have been invested in short term cash deposits only. The Directors consider this to be the most appropriate course given the short term needs of the Charity.

Insurance of directors

The company had during the year ended, and continues to maintain, appropriate insurance for the Directors in respect of liabilities that may arise against them personally in connection with their duties as directors of the company and as trustees.

Objectives and activities

The Charity's Statement of Purpose reads:

St Cuthbert's Care is a charity working for the common good by enabling people to develop to their personal potential

The Charity is a frontline registered care provider which benefits the public as a whole and the core services below represent the Charity's principal activities:

- residential care homes for children, including fostering
- a range of residential, short break and day services for disabled children and adults
- two nursing and residential care homes for older people

In addition, the Charity fundraises to provide community services to support the most impoverished and disadvantaged people across the North East.

The Charity's strategic five year plan was approved by the Directors in 2015, and is regularly and formally reviewed. The Charity's strategic plan for 2020-2025 will be approved formally by the Directors during the year ending 2019/20.

The Directors have reviewed the Charity's Statement of Purpose, together with its vision and aims and objectives and are satisfied that the Charity continues to meet the requirements of the Charity Commission's guidance on public benefit.

STRATEGIC REPORT

Achievements and performance

The Charity's activities include a broad range of complex care services across the North East, regulated by Ofsted, for children's services, and the Care Quality Commission (CQC), for adults' services. The regulators undertake regular and unannounced inspections. These inspections offer an independent measure of the Charity's performance. A day resource for adults with disabilities in Ashington and the Charity's community work are not regulated areas of work.

All of the Charity's regulated services are rated *Good* or *Outstanding*, recognising the high standards and quality care that are delivered by the Charity's care teams. The Charity's Vision is to achieve excellence in all that it does and there can be no better measure of the Charity's performance than the feedback received from residents, families, staff teams and fellow professionals. The Directors consider these testimonials to be a direct demonstration of the Charity's values and progress.

St Cuthbert's Care

The Charity's significant achievements this year include:

- Our Independent Supported Living provision receiving an *outstanding* rating from the Care Quality Commission following an unannounced regulatory inspection. This is in line with the Charity's objectives to continue to improve on all services' ratings, year on year.
- Commencement of preliminary work on a number of new projects that will become fully operational over the coming years:
 - Expansion of our registered disability services to include a wider offering for people with acquired brain injury
 - Bespoke holiday accommodation at our Alan Shearer Centre site for the whole family
 - Independent accommodation at our Sunderland nursing home, Holy Cross, to assist older people in their transition to registered care
 - Dedicated and specialist dementia area at our Newcastle nursing home, St Catherine's
- Investment in and completion of the implementation phase of the Charity's care management information systems across our two nursing homes
- Appointment of a dedicated Safeguarding Lead to strengthen and support delivery of excellent care

Employees and volunteers

St Cuthbert's Care relies on the skills and dedication of its employees and volunteers to ensure that care services are person-centred and delivered with warmth and compassion. During the year, the Charity had an average of 304 (2018: 322) full and part-time employees delivering care and support. In addition, there are a further 31 (2018: 25) volunteers working with our salaried staff. Through their time and enthusiasm volunteers add value to the Charity's services, enriching the lives of the Charity's beneficiaries. Efforts to recruit new volunteers throughout the Charity continues. We thank all of our staff and volunteers for their ongoing dedication and commitment.

The Charity's recruitment policies reflect its commitment to equal opportunities in employment. The Charity takes all reasonable steps to employ, train and promote employees based on their experience, abilities and qualifications without regard to age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race (including colour, nationality and ethnic or national origin), religion or belief or sexual orientation. The Charity is also an approved user of the *Positive about Disabled people* symbol and has achieved the *Better Health at Work* accreditation. The Charity is an accredited Living Wage Employer.

The Charity's gender pay gap report shows that the Charity's workforce is predominantly female – a profile which reflects the nature of the sector. All employees are paid the same rate for the job grade regardless of gender.

All new employees and volunteers undertake a thorough programme of induction training, which includes attendance at a Charity induction day, led by the Chief Executive. This marks the beginning of a career-long learning programme at St Cuthbert's Care, which, in accordance with the Charity's Purpose, seeks to enable staff to develop to their personal potential. The staff handbook, together with staff association meetings, intranet, team meetings and regular briefings by the Chief Executive, help to keep staff informed of the Charity's initiatives and performance.

Pay policy for senior staff

The pay of senior staff is reviewed annually by the Charity's Directors. Part of this process includes the benchmarking of local market rates in similar organisations.

St Cuthbert's Care

Financial review

The Statement of Financial Activities for the year is set out on page 11 of the financial statements. A summary of the financial results and the work of the Charity is set out below.

Income generation

The Charity continues to work within a climate of social care cutbacks and budget constraints. This reality impacts directly on the Charity's ability to maintain satisfactory occupancy levels and prices, with income from charitable activities decreasing by 3.6%. This particularly reflects decreased occupancy levels in the Charity's fostering and older people's services. The Directors believe the Charity's ongoing development plans noted earlier and the Charity's continued focus on improving standards of care will contribute to increased income generation.

The Charity's total income this year is £10,091,211 (2018: £9,768,159), an increase of £323,052. This reflects an increase in both legacy income and income raised by the Alan Shearer Foundation. In respect of the latter, this is due to two fundraising balls having taken place within this financial year: May 2018 and February 2019. These realised a combined contribution of £419,500.

Fundraising

Donations and legacies enable the Charity to support the most vulnerable members of society where often no other funding is available. The Charity is most grateful to all of its supporters.

The Alan Shearer Foundation raised £601,184 during the year (2018: £154,306) with two fundraising balls rather than one, as noted above. The Charity's provision of free services for disabled adults and children at the Alan Shearer Activity Centre is only possible due to the funds raised by the Foundation. The Directors sincerely thank patrons, Lainya and Alan Shearer, along with their two daughters and son, for their continuing support of the Charity. The Directors would also wish to acknowledge and thank the support of patron Mike Browne and volunteer Lesley Fulton, for their dedication and efforts in working alongside the Shearer family in ensuring the success of the Foundation.

Cashflow

Despite the challenging year the Charity has generated £342,390 in cash during the year and strengthened its cash balance to £1,409,928. This places the Charity in a better position to manage the challenges created by the funding constraints in the social care sector as well as enabling future investment in new developments.

Resources expended

Total expenditure this year decreased by just 0.03% to £9,689,162 (2018: £9,692,066). The Charity continued its focus on efficiency and controlling costs during the year, essential for a charity working within a market of tight and constrained income streams.

More details about the Charity's services, testimonials and information on future developments can be found on the Charity's website: www.stcuthbertscare.org.uk.

Reserves policy

The Directors require the Charity's reserves to be sufficient to allow St Cuthbert's Care the flexibility to continue to operate and develop in accordance with the Charity's Statement of Purpose and Articles of Association. The Directors believe the general funds should reflect one month's budgeted expenditure with a maximum margin of 10%. The current level of reserves complies with this statement. The Directors review the policy on reserves on an annual basis.

In addition there is one designated fund which is maintained by the Charity and details can be found in note 17 in the financial statements.

St Cuthbert's Care

Dividends and transfers to reserves

The surplus of incoming resources over expenditure amounted to £402,049 (2018: £76,093) and has been taken to reserves. In accordance with the company's Articles of Association no dividends are payable.

Principal risks and uncertainties

The Charity's core work is in high-risk care provision, and as noted earlier in this report, risk management is embedded in every aspect of the Charity's activities. The Directors have considered the Charity's risks and seek to minimise them as far as is practical.

The Directors consider the continual under-funding of services by commissioning bodies that is prevalent across the whole of the social care sector to be the most significant risk facing the Charity in the immediate future.

Income is sourced through individual contracts with a range of commissioning bodies. It is essential that consistent occupancy levels are maintained to ensure regular cash flows. In turn, this enables the Charity to re-invest into services.

Plans for future periods

The Directors consider the development of new services and enhancing existing services to be the most appropriate strategy to ensure that the Charity remains financially stable. The Chief Executive and the senior management team will continue to focus on the strategic objectives set in 2015. These cover three broad areas:

- Improving the effective use of the Charity's resources
- Increasing the focus on staff development to recruit and retain the highest calibre of employee to ensure excellent delivery of care
- Researching and responding to unmet areas of need in the region

The Directors will agree the Charity's next five year plan for 2020-2025, during this coming year.

Statement of directors' responsibilities

The Directors (who are also trustees of St Cuthbert's Care for the purposes of charity law) are responsible for preparing the Directors' Report (including the Strategic Report) and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice). Under company law, the Directors must not approve the financial statements unless they are satisfied that they 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 Directors 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;

St Cuthbert's Care

- state whether FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Charity 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 Charity and hence taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of 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.

Disclosure of information to auditors

In so far as the Directors are aware at the time of approving this report:

- there is no relevant audit information of which the Company's auditors are unaware, and
- each director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Independent Auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

The Board of Directors approved the Directors' Report, including the Strategic Report at the Annual General Meeting.

On behalf of the Board


D. Donnelly
Chairman

24 July 2019

Independent auditors' report to the members of St Cuthbert's Care

Report on the financial statements

Our opinion

In our opinion, St Cuthbert's Care's financial statements ("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 (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report (the "Annual Report"), which comprise: Balance Sheet as at 31 March 2019; Statement of financial activities (incorporating an income and expenditure account), Reconciliation of funds and Cashflow statement for the year then ended; the accounting policies; and the notes to the financial statements.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors 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.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the charitable company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

St Cuthbert's Care

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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Directors' Annual Report

In our opinion, based on the work undertaken in the course of the audit the information given in the Directors' Annual Report, for the financial year for which the financial statements are prepared is consistent with the financial statements; and the Directors' Annual Report have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the charitable company and their environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Directors' Annual Report. We have nothing to report in this respect.

Responsibilities for the financial statements and the audit

Responsibilities of the Directors for the financial statements

As explained more fully in the Statement of directors' responsibilities set out on pages 6 and 7, the Directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors 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 Directors either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 auditors' 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.

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 auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the Charity's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

St Cuthbert's Care

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Charitable Company or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Kevin Strauther (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Newcastle upon Tyne
24 July 2019

St Cuthbert's Care

Statement of financial activities (incorporating an Income and Expenditure Account) for the year ended 31 March 2019

	Note	Unrestricted funds	Restricted funds	2019 Total	2018 Total
		£	£	£	£
Income					
<i>Income from charitable activities:</i>					
Care for children		2,280,542	-	2,280,542	2,340,531
Care for people with disabilities		2,818,527	-	2,818,527	2,813,390
Care for older people		3,101,653	-	3,101,653	3,321,192
Grants receivable		1,000	1,000	2,000	4,300
Fostering & social work		860,858	-	860,858	924,231
<i>Income from donations, legacies and other trading activity</i>					
Donations		114,044	195,227	309,271	232,043
Legacies		65,127	-	65,127	25,225
Other trading activities		48,929	599,564	648,493	104,186
Investment income		3,701	1,039	4,740	2,461
Other income		-	-	-	600
Total income		9,294,381	796,830	10,091,211	9,768,159
Expenditure					
Expenditure on charitable activities	1	9,224,741	242,963	9,467,704	9,644,445
<i>Expenditure on raising funds</i>					
Donations and legacies	2	20,051	-	20,051	17,710
Other trading activities	2	5,761	195,646	201,407	29,911
Total expenditure		9,250,553	438,609	9,689,162	9,692,066
Net income for the year	6	43,828	358,221	402,049	76,093

All operations are continuing.

All gains and losses in the year are included in the Statement of Financial Activities. There is no difference between the reported result for the year stated above and the historical cost equivalents.

St Cuthbert's Care

Reconciliation of funds for the year ended 31 March 2019

	Unrestricted funds £	Restricted funds £	Total 2019 £	Total 2018 £
Fund balances at 1 April	6,300,438	106,681	6,407,119	6,331,026
Net income for the year	43,828	358,221	402,049	76,093
Fund balances at 31 March	6,344,266	464,902	6,809,168	6,407,119

St Cuthbert's Care

Balance sheet as at 31 March 2019

Company registration number: 1645917

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	8	5,650,321	5,756,768
Total fixed assets		5,650,321	5,756,768
Current assets			
Debtors	9	779,986	828,948
Cash at bank and in hand		1,409,928	1,067,538
Total current assets		2,189,914	1,896,486
Creditors: amounts falling due within one year	10	(591,862)	(775,662)
Net current assets		1,598,052	1,120,824
Total assets less current liabilities		7,248,373	6,877,592
Creditors: amounts falling due after more than one year	11	(350,000)	(375,000)
Provisions for liabilities and charges	12	(89,205)	(95,473)
Net assets		6,809,168	6,407,119
The funds of the Charity			
Unrestricted funds			
General funds	17	750,000	750,000
Designated funds: Charity assets fund	17	5,594,266	5,550,438
		6,344,266	6,300,438
Restricted funds	17	464,902	106,681
Total funds	17	6,809,168	6,407,119

The financial statements on pages 11 to 26 were approved by the Board of Directors on 24 July 2019 and were signed on its behalf by:


 D Donnelly
 Chairman

St Cuthbert's Care

Cash flow statement for the year ended 31 March 2019

	Note	2019 £	2018 £
Net cash inflow from operating activities	14	463,942	563,852
Returns on investment and servicing of finance			
Interest received		4,740	2,461
Interest paid on financing		-	-
Net cash inflow from returns on investments and servicing of finance		4,740	2,461
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(126,292)	(67,630)
Proceeds from sale of tangible fixed assets		-	600
Net cash outflow from capital expenditure and financial investment		(126,292)	(67,030)
Financing			
Decrease in debt		-	-
Increase in cash in the year	15	342,390	499,283
Cash and cash equivalents at the beginning of the year		1,067,538	568,255
Total cash and cash equivalents at the end of the year		1,409,928	1,067,538

St Cuthbert's Care

Accounting policies

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

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

Preparation of the Financial Statements on a going concern basis

The Directors, having taken account of the Charity's resources and current activities together with the planned activities for the next 12 months, consider it is appropriate to adopt the going concern basis of accounting in preparing the annual financial statements.

Incoming resources

Income is recognised when the Charity has entitlement to the funds, any performance conditions attached to the item(s) of income have been met, it is probable that the income will be received and the amount can be measured reliably.

Income from grants is recognised when the Charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

For legacies, entitlement is the earlier of the date on which either: the Charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executors(s) to the Charity that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy is only considered probable when the amount can be measured reliably and the Charity has been notified of the executor's intention to make a distribution.

Donated goods and services

The value of donated goods to the Charity which are for resale are recognised in the financial statements as income when sold due to the low-value of items received.

In accordance with the Charities SORP (FRS 102), volunteer time is not recognised; details about the volunteers' contribution can be found in the Directors' report.

Resources expended

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Support costs include expenditure which cannot be directly attributed to particular headings and have therefore been allocated to activities on the basis of employee costs. Governance costs represent the legal and professional fees of running the Charity and costs associated with preparing and holding Board meetings and are included within support costs. Resources expended include attributable VAT which cannot be recovered.

St Cuthbert's Care

Tangible fixed assets

Fixed assets costing more than £7,500 are capitalised and included at purchase cost, together with any incidental costs of acquisition.

Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual values, on a straight-line basis over their expected lives. The principal annual rates used for this purpose are:

	%
Freehold land	0
Furniture, equipment and plant	5 - 33
Motor vehicles	20
Assets in the course of construction	0

Freehold and long leasehold buildings are depreciated over 50 years or, if shorter, over the period of the lease.

Fixed asset investments

Fixed asset investments are stated at the lower of cost or net realisable value.

Operating leases

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Rentals payable are charged on straight line basis over the term of the lease.

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.

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.

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 discount due.

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.

Grants receivable

Grants, including those for the purchase of fixed assets, are recognised in full when the Charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

St Cuthbert's Care

Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Directors in furtherance of the general objectives of the Charity and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the Directors for particular purposes. The aim and use of each designated fund is set out in note 17 to the financial statements.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the Charity for particular purposes.

Pension costs

The Charity makes available a defined contribution pension scheme to employees to which it contributes. The scheme originally set up as a stakeholder pension scheme meets the automatic enrolment rules.

There is a historical unfunded pension liability and adjustments to this pension liability, referred to in note 12, are made in line with actuarial factors based on the invoiced costs from the administering authority and adjusted to include a cost of living increase. These costs are included in the SOFA.

Notes to the financial statements for the year ended 31 March 2019

1 Expenditure on charitable activities

	Direct costs £	Support costs £	2019 £	2018 £
Care for people with disabilities	2,859,298	279,692	3,138,990	3,260,064
Care for older people	3,272,963	312,252	3,585,215	3,497,759
Care for children, fostering & social work	2,541,397	202,102	2,743,499	2,886,622
	8,673,658	794,046	9,467,704	9,644,445

2 Expenditure on raising funds

	Direct costs £	Support costs £	2019 £	2018 £
Voluntary income, donations & legacies	18,057	1,994	20,051	17,710
Activities for generating funds	198,650	2,757	201,407	29,911
	216,707	4,751	221,458	47,621

3 Support costs

Support costs, including governance costs of £22,186 (2018: £21,049), not directly attributable to projects have been allocated on the basis of employee costs and are analysed below:

	Employee costs £	Depreciation £	Other costs £	Total 2019 £	Total 2018 £
Charitable activities	546,304	20,645	227,097	794,046	763,039
Raising funds	3,268	124	1,359	4,751	4,078
	549,572	20,769	228,456	798,797	767,117

St Cuthbert's Care

4 Employee costs

	2019	2018
	£	£
Employee costs:		
Wages and salaries	6,626,871	6,760,086
Social security costs	531,695	553,715
Pension costs	115,450	76,485
	7,274,016	7,390,286

The pension costs were charged through the Statement of Financial Activities in respect of the defined contribution scheme operated for employees and allocated on the basis of employee costs.

The company maintains insurance for its employees in respect of their duties as employees as part of its overall insurance policy. Three employee received emoluments above £60,000. Two of the employees are in the bands £60,000-£70,000 and one employee is in the band £80,000-£90,000.

The key management personnel of the Charity comprise the Chief Executive, the Director of Care, the Director of Finance & the Director of HR. The total employee benefits of the key management personnel of the Charity were £249,776 (2018: £241,037).

The average monthly number of employees, analysed by function was:

	2019 Number	2019 Full-Time Equivalent	2018 Number	2018 Full-Time Equivalent
Charitable activities	302	248	320	275
Expenditure on raising funds	2	2	2	2
	304	250	322	277

St Cuthbert's Care

5 Directors' emoluments

	2019 £	2018 £
Aggregate emoluments and fees	146,321	142,169

Emoluments are paid to two directors, M Ashman and N Gilbert for their services as directors and not as trustees of the Charity. Provision for these payments is made in the company's Articles of Association. Contributions were made to the Charity's pension scheme in respect of these directors of £7,250 (2018: £7,017). One director (2018: Two directors) received reimbursement of travel expenses in the year of £1,800 (2018: £3,600).

Other than as noted above, no director was entitled to nor received any remuneration for their services (2018: £Nil) or were accruing benefits under the pension schemes (2018: £Nil) or received reimbursement of their expenses (2018: £Nil).

6 Net income for the year

Net income for the year is stated after charging/(crediting):	2019 £	2018 £
Depreciation charge for the year	232,739	225,322
Auditors' remuneration for audit services	16,055	15,000
Operating lease rentals for land and buildings	16,369	18,369
(Profit) / loss on disposal of tangible fixed assets	-	(600)

7 Taxation

The company is a charity established under the Charities Act 2011. It is therefore exempt from taxation in respect of income and capital gains received within categories covered by S505 Income and Corporation Taxes Act 1988 or S256 Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to charitable purposes only.

St Cuthbert's Care

8 Tangible assets

	Freehold & long leasehold buildings	Furniture equipment and plant	Motor vehicles	Assets in the course of construction	Total
	£	£	£	£	£
Cost					
At 1 April 2018	6,296,921	2,276,051	73,656	35,491	8,682,119
Additions	-	28,421	-	97,871	126,292
Transfers	-	127,107	-	(127,107)	-
Disposals	-	(19,638)	-	-	(19,638)
At 31 March 2019	6,296,921	2,411,941	73,656	6,255	8,788,773
Accumulated Depreciation					
At 1 April 2018	1,599,503	1,269,868	55,980	-	2,925,351
Charge for the year	114,392	111,064	7,283	-	232,739
Eliminated in respect of disposals	-	(19,638)	-	-	(19,638)
At 31 March 2019	1,713,895	1,361,294	63,263	-	3,138,452
Net book value					
At 31 March 2019	4,583,026	1,050,647	10,393	6,255	5,650,321
At 31 March 2018	4,697,418	1,006,183	17,676	35,491	5,756,768

Assets in the course of construction includes capital expenditure on the development of an independent living flat for older people at our Holy Cross nursing home in Sunderland. A further £nil (2018: £11,000) of capital expenditure is authorised and contracted for but not provided for in the financial statements in respect of this project.

9 Debtors

	2019 £	2018 £
Trade debtors	573,167	602,752
Other debtors	1,550	13,457
Prepayments and accrued income	205,269	212,739
	779,986	828,948

St Cuthbert's Care

10 Creditors: amounts falling due within one year

	2019 £	2018 £
Trade creditors	120,696	144,730
Other creditors	6,091	29,512
Taxation and social security	126,937	138,581
Accruals and deferred income	338,138	462,839
	591,862	775,662

11 Creditors: amounts falling due after more than one year

	2019 £	2018 £
Deferred income	350,000	375,000
	350,000	375,000

St Cuthbert's Care

12 Provisions for liabilities and charges

Analysis of amounts charged through the statement of financial activities

	Pension provision £
At 1 April 2018	95,473
Established during the year	12,201
Utilised during the year	(18,469)
At 31 March 2019	89,205

The pension provision relates to the excess pensions liability for former teachers of two schools formerly managed by the Charity. The Directors continue to believe that the annual adjustment of the provision based on updated actuarial factors is the most appropriate approach at the current time. The Directors expect all liabilities to be met over the next 12 years.

The provision is anticipated to fall due as follows:

	2019 £	2018 £
In less than one year	18,480	18,228
Between one and two years	19,035	18,592
Between two and five years	43,087	41,832
In more than five years	8,603	16,821
	89,205	95,473

13 Share capital

The company does not have any share capital and is limited by guarantee. The members of the company are the Directors and their guarantee is limited to £1 each.

St Cuthbert's Care

14 Reconciliation of net incoming resources to net cash inflow from operating activities

	2019 £	2018 £
Net income	402,049	76,093
Depreciation on tangible fixed assets	232,739	225,322
Deferred income	(25,000)	(25,000)
Profit on disposal of fixed assets	-	(600)
Decrease in provisions	(6,268)	(13,932)
Decrease / (Increase) in debtors	48,962	(24,693)
(Decrease) / increase in creditors	(183,800)	329,123
Interest received	(4,740)	(2,461)
Net cash inflow from operating activities	463,942	563,852

15 Reconciliation of net cash flow to movement in net cash resources

	2019 £	2018 £
Increase in cash in the year	342,390	499,283
Movement in net funds for the year	342,390	499,283
Net funds at 1 April 2018	1,067,538	568,255
Net funds at 31 March 2019	1,409,928	1,067,538

St Cuthbert's Care

16 Analysis of net cash resources

	1 April 2018 £	Cash flow £	31 March 2019 £
Cash at bank and in hand	1,067,538	342,390	1,409,928
Net funds	1,067,538	342,390	1,409,928

17 Statement of funds

	At 1 April 2018 £	Income £	Expenditure £	Transfers £	At 31 March 2019 £
General funds	750,000	9,294,381	(9,250,553)	(43,828)	750,000
Designated funds					
Charity assets fund	5,550,438	-	-	43,828	5,594,266
Total unrestricted funds	6,300,438	9,294,381	(9,250,553)	-	6,344,266
Restricted funds:					
Total restricted funds	106,681	796,830	(438,609)	-	464,902
Total funds	6,407,119	10,091,211	(9,689,162)	-	6,809,168

The General fund represents the free funds of the Charity which are not designated for particular purposes with excess funds being transferred to the Charity assets fund.

The Charity assets fund represents those funds that have been designated by the Directors for the provision of existing services in furtherance of the Charity's objects.

The Restricted funds represent those funds raised by the Alan Shearer Foundation which have not yet been spent on charitable activities.

St Cuthbert's Care

Analysis of net assets between funds

	Restricted funds £	Designated funds £	General funds £	Total £
Fund balances at 31 March 2019 are represented by:				
Fixed assets	-	5,650,321	-	5,650,321
Current assets	464,902	333,150	1,391,862	2,189,914
Current liabilities	-	-	(591,862)	(591,862)
Long term liabilities and provisions	-	(389,205)	(50,000)	(439,205)
	464,902	5,594,266	750,000	6,809,168

19 Related party transactions

The Charity has a close working relationship with the Roman Catholic Diocese of Hexham & Newcastle, which is also a charity. The Charity invoiced £109,069 (2018: £95,658) in respect of shared costs associated with the provision of offices for both parties and social work services relating to the retired priests of the Diocese. As at 31 March 2019 £16,940 (2018: £8,438) remained outstanding and is included in debtors.