

Charity Registration number 287579
Company Registration number 01741444
(England and Wales)

THE MORTIMER SOCIETY
(A Company limited by guarantee)

REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2016

THE MORTIMER SOCIETY

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2016**

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**COMPANY INFORMATION
AS AT 31 OCTOBER 2016**

Trustees/Directors

Mr M R Ellis (Chair)
Mrs J M Westwood
Mrs B Dubois (Resigned 21 June 2016)
Mrs Y Clarke
Mr J Harris (Resigned 21 June 2016)
Dr T J Cantor (Appointed 16 December 2015)
Mrs J Grimmett (Appointed 28 September 2016)
Mr D Oliver (Appointed 14 December 2016)

Chief executive officer

Mr Paul Studd

Senior Management Team

Mrs Melanie McCarthy Head of Homes - Care and Quality
Mrs Susan Matthews Head of Corporate and Business Affairs
Mrs Elaine Runeckles Registered Manager, Frindsbury House
Mr Simon Dawes Registered Manager, Birling House

Registered Office

42 Hollywood Lane
Frindsbury
Rochester
Kent
ME3 8AL

Auditors

MHA MacIntyre Hudson
Statutory Auditors and
Chartered Accountants
31 St George's Place
Canterbury
Kent
CT1 1XD

Solicitors

Russell-Cooke LLP
2 Putney Hill
Putney
London
SW15 6AB

Bankers

National Westminster Bank Plc
64 High Street
New Malden
Surrey
KT3 4HB

Registered Charity number

287579

Company number

01741444

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 OCTOBER 2016**

The directors (who are trustees for the purposes of Charity Law) of the Company (The Society) present their annual Directors' report, Strategic report and financial statements for the year ended 31 October 2016. The directors confirm that the Directors' Report and financial statements of the charitable company comply with the current statutory requirements, the requirements of the company's governing document and the new provisions of the Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2015).

Structure, governance and management**a Constitution**

The Society is a registered charity and a company limited by guarantee and as such operates under its Memorandum and Articles of Association, which have received the approval of the Charity Commission.

b Method of appointment or election of trustees

One third of the Trustees must retire at each AGM, those longest in office retiring first. A retiring Trustee who remains qualified may be reappointed. Mrs Michael Ellis and Mrs Jacqueline Westwood retired by rotation and, being eligible, offered themselves for re-election and were re-appointed.

c Policies adopted for the induction and training of trustees

The Society has an induction programme for Trustees covering the work of the charity including visits to the two homes and an opportunity to meet the Chief Executive, Senior Management Team, staff and residents. The programme includes an explanation of the latest financial position, the current year's budget and the longer term strategies and business plans of the Society. New Trustees are given copies of the Memorandum and Articles of Association together with a Trustees Pack.

d Organisational structure and decision making

The Board discharges its responsibility of overseeing the administration of the Society at its quarterly and additional meetings and by delegating specific projects to task and finish sub-groups.

The day to day management of the Society is delegated to the Chief Executive and to the Senior Management Team. The management and running of the two homes is carried out by the Head of Care and Quality through the Registered Managers. Major policy questions affecting the future of the Society are discussed between the management team and the Trustees, who are responsible for making the final decisions.

The Society has adopted the principles contained in 'Good Governance' - a Code for the Voluntary and Community Sector (October 2010).

e Risk management

The Trustees have assessed the major risks to which the company is exposed, in particular those related to the operations and finances of the company, and are satisfied that systems and procedures are in place to mitigate our exposure to the major risks.

Objectives and activities**a Policies and objectives**

The Society gives due regard to the guidance published by the Charity Commission on public benefit and the Trustees consider the Charity is compliant. The purpose of the Society, as set out in the Society's Memorandum of Association, is to provide relief for those in need by reason of ill health or disability particularly a physical and/or a learning disability and in particular those people suffering from Huntington's Disease and other neurological conditions.

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 OCTOBER 2016**

Objectives and activities (continued)**b** *Strategies for achieving objectives*

Objectives are achieved through the provision of long term residential care for adults across two residential homes owned by the charity, Birling and Frindsbury House. One of the homes is in West Kent and the other in Medway but both welcome clients from all over the country. The majority of our residents are sponsored by their Local Authority Social Services or by their NHS Clinical Commissioning Group. Prior to admission to either of our homes, a full assessment of a prospective resident is carried out with the help of relatives and the care manager and other social care professionals to ensure that we can provide the correct level of care and support.

No one receives any private benefit from the charity other than the care services we provide.

c **Activities for achieving objectives**

By reviewing our aims, objectives and activities each year we strive to deliver the most effective outcomes. We also ensure that the environment of our homes and the activities and services we provide make our homes attractive to prospective residents, their families and commissioners. In each home we offer:

- An Activities Team
- Well equipped Activity Suites
- Adapted mini-buses and an MPV for the benefit of the residents
- Wheelchair accessible gardens for the enjoyment of residents and their families/visitors
- Regular visits by musicians and entertainers
- Trips to the theatre, cinema, shopping and places of individual interest
- Music therapist, aroma therapist and chiroprapist
- Speech and language therapist
- Multi-sensory rooms
- Programmes for activities of daily living

Involvement of volunteers

Volunteers from local schools and colleges regularly visit residents who have no family contacts. Another volunteer, a fully trained massage therapist, delivers massage therapy to Frindsbury House residents on a fortnightly basis and visits residents at Birling House who have no family.

Advocacy

The Society has close links to the Independent Mental Capacity Advocacy (IMCA) service. The service provides support on a confidential basis for residents who are unable to represent themselves.

Mandatory training

Staff training is carried out regularly and includes: Fire Safety, Health and Safety, Safeguarding of Vulnerable Adults, Infection Control, Moving and Handling. In addition to this we offer our staff training on a wide range of subjects including First Aid, Mental Health and Deprivation of Liberty, Equality and Diversity, Communication Skills, Huntington's Disease and Report Writing.

Strategic Report*Achievement and performance***a** *Going concern*

After making appropriate enquiries, the Trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Accounting Policies note.

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 OCTOBER 2016**

Strategic Report (continued)**b** *Review of activities**Staff training*

We are committed to an extensive training programme for all our staff, and this has continued throughout the year including working towards Diploma qualifications at level 2 and level 3 in Health and Social Care through the Qualifications Credit Framework (QCF). This ensures our staff are better trained than is perhaps the norm in residential care homes in this area of practice.

New staff undertake an in depth induction process which gives them a full understanding of the responsibilities of their role, the quality of care we provide and the opportunity to explore the working practices and environments at both our homes.

They also undertake Care Certificate training which is a Government Skills for Care initiative to standardise training across England as a result of the Frances's report. It was introduced in 2015 and comprises 15 core standards to enable staff to have a better understanding of working in the care sector and the expectations that are relevant to their role. Our attention to training staff through the Care Certificate goes over and above what is expected and constitutes outstanding practice.

Activities and achievements during the year

Further but limited reinvestment into the business from reserves was made in 2015/16 as identified in our Capital Programme. The annual capital budget was somewhat reduced by Trustees to approximately £28,000 due to the uncertain economic times and the austerity measures imposed by Central and Local Government in the care sector generally. However, it was essential to invest in the purchase of replacement equipment for residents at both homes as well as in general, buildings repairs and maintenance across the Society.

Occupancy levels

Our financial performance depends on overall room occupancy and the level of weekly fees paid on behalf of our residents. We are now registered with the Care Quality Commission for 31 rooms at Birling House (32 residents) and 23 rooms (23 residents) at Frindsbury House. In 2015/16, we achieved an average occupancy rate of 98.0% at Birling House and 95.3% at Frindsbury House. These very high occupancy levels reflect the superior care we provide and the value for money we deliver as a charitable organisation.

Care quality commission

Birling House was last inspected by the CQC on 3rd June 2015 under the new inspection regime looking at the five key lines on inquiry where questions are asked about the service being (1) Safe (2) Effective (3) Caring (4) Responsive and (5) Well-Led. The outcome of the inspection was that the service was rated 'Good' in all areas and was awarded an overall rating of GOOD.

Frindsbury House was last inspected by the CQC later in that year on 15th December 2015. The service at the home was also rated as 'Good' in all areas and again an overall rating of GOOD was awarded.

Staff

Over the years, Birling House and Frindsbury House have built up a strong reputation for the quality of care, kindness and support given to our residents and their families by our staff. The Society is very fortunate to have a loyal and dedicated staff team in each of the homes who are valued and keen to provide for the individual needs and aspirations of our residents. Our staff turnover is exceptionally low which we know enhances the consistent care that we give to our residents.

Staff also organise community charity events regularly which aims to increase the Society's profile within the local community and the fundraising income goes towards particular activities that many of the residents enjoy.

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 OCTOBER 2016**

Strategic Report (continued)**Financial review****a** *Financial and risk management objectives and policies*

The Society's operating surplus for the financial year was £319,248 which amounted to 9.15% of total income from operational activities. In commercial terms this surplus would not be regarded as a significant return on capital employed but it does allow the Society to look positively ahead and to make some capital reinvestment. Although the total income rose by £238,313 from the previous year, expenditure increased by £274,621 which affected the overall financial position of the Society. Staffing costs accounted for 71p out of every £1 of fee income. The majority of our residents require a very high level of personalised care and it is necessary to have high staffing levels and properly trained and experienced staff to deliver this service.

With the exceptionally good occupancy levels that we have achieved, our finances are currently sound but like most care homes we continually face rising costs. In contrast the level of our fee income per resident per week did not keep pace with inflation. During 2015/16 a small number of sponsoring authorities/CCGs gave a small increase in weekly fees to recognise the introduction of the National Living Wage on 1st April. The rises were generally below the rate of inflation and level of increased costs, whereas the remainder offered no increase or were seeking a reduction in fee levels. While it is appreciated this situation has arisen as a result of local government budget restrictions imposed by central government, it is not a situation that can prevail in the long term without impacting on the services we can provide. We have little control over many of the fixed and variable costs. For instance food and drink, utilities and service maintenance agreements have all seen a significant increase in price in excess of general inflation. At the same time the ever increasing regulation of the care sector brings year on year additional costs.

As a charity we strive to deliver cost effective care. However, our income must meet our expenditure and allow us to continue to invest for the future. We hope that our sponsoring authorities will recognise that if charitable homes such as the Mortimer Society are to continue, fee income must reflect the cost of caring for residents with very high dependency levels such as our residents as well as meeting the ever rising pay rates resulting from the imposed year on year increase in the National Living Wage through to at least the year 2020.

Donations

During the financial year, we received £5,092 in donations from various sources including donations made by families and friends of our residents. The Society also received £1,453 in fundraising income as a result of staff arranging bazaars and other events for the benefit of the residents.

b **Principal risks and uncertainties**

There are of course risks and uncertainties that may impact on the Society's business in the future. A risk management review process is undertaken by the Senior Management Team which has been approved and adopted by the Trustees. This process is monitored through the Society's Corporate Risk Assurance Framework which is reviewed, updated as appropriate and reported to the Board on a quarterly basis. The review process enables the CEO, senior managers and Trustees to mitigate risks that might otherwise prevent the Society from achieving its purpose and objectives.

The Trustees consider the greatest risk at present to be that of a continued freeze or even reduction in fees paid by local authorities linked with the significant year on year increases in the National Living Wage through to the year 2020.

The Society continues to operate the role of Caldicott Guardian this year and the nominated individual is responsible for the Information Governance in recognition of the possible risks surrounding resident data and systems security.

Other risks include a possible shortfall in CQC required outcomes within the service provision and the consequent loss of full compliance which would result. Changes in the political or social climate or a further economic downturn could also significantly impact on the operation of the business.

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 OCTOBER 2016**

Strategic Report (continued)**c Reserves policy**

At the end of 2015/16 the Society's free reserves stood at £1,175,529 compared with £758,406 at the end of the previous year. During the year the Trustees reviewed the Reserves Policy and confirmed that an adequate reserves need to be maintained to allow for any reduction in occupancy levels and for other potential risks and eventualities. The Reserves Policy agreed by the Board of Trustees is that reserves should be maintained at a minimum of three months of basic operating expenditure, approximately £600,000.

Plans for the future*Future developments*

The main aims and objectives of the Society during the forthcoming 2016/17 year are:

- To continue to provide outstanding care for our residents.
- To continue to ensure that the Society's policies and procedures meet statutory requirements and exceed the standards and expectations of our current regulator, the Care Quality Commission (CQC).
- To continue to remain financially viable in an adverse economic climate in the care sector.
- To carry out staff training programmes relevant to our residents' complex and individual needs in order to meet the expectations of our residents, sponsoring authorities and CQC.
- To enhance the wheelchair accessible gardens at Frindsbury House.
- To carry out a redevelopment project of the corridors at Frindsbury House.
- To extend the activities suite at Birling House.
- To exchange and renew some of the adapted vehicles at both homes.
- To continue to pursue business opportunities to provide additional day and respite care.
- To continue to review the business diversification strategy in client categories and models of care in order to broaden our client base.
- To continue to widen our marketing strategy to include neurological conditions in addition to Huntington's Disease for which the Mortimer Society is an experienced provider.

2017 and onwards

Although the annual report reflects the Mortimer Society's 2015-16 year, it is appropriate to bring this report up to date. After almost 25 years working at Mortimer, Melanie McCarthy, Head of Care and Quality, is retiring in April 2017. Mel initially joined Mortimer as manager of Birling House and then as manager of Frindsbury House. She then became Head of Homes with responsibility for supervising the care in both our homes which she has done with great commitment and sensitivity. Mel has enjoyed the respect of residents, families and staff for which we would like to thank her. We wish Mel a very long and happy retirement although we would be very surprised if in one way or another she does not stay in contact.

Although Melanie will be missed, we are very pleased to appoint Elaine Runeckles as Head of Care and Quality to succeed Melanie. Elaine joined Mortimer some 26 years ago initially as a member of the kitchen team. She earned successive promotions until in 2006 Elaine was appointed as Manager of Frindsbury House. We are delighted that Elaine is to take her career with Mortimer one step further as Head of Care and Quality.

The Mortimer Society is fortunate indeed that it has staff such as Melanie and Elaine (and there are many others) who devote a long career for our residents. It is this commitment and continuity that distinguishes Mortimer from many other homes. We would like to think too that it is the Society's charitable, caring philosophy that encourages the likes of these two people of this world to devote their careers to charitable care. We are confident our residents and their families would join the Trustees in expressing gratitude for the care and commitment that our Mortimer staff provide throughout the year.

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 OCTOBER 2016**

Statement of trustees' responsibilities

The trustees (who are also directors of The Mortimer Society for the purposes of company law) are responsible for preparing the Directors' 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 the year. 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 have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in 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 take reasonable steps for the prevention and detection of fraud and other irregularities.

We, the trustees of the charitable company who held office at the date of approval of these financial statements each confirm, so far as we are aware, that:

- there is no relevant audit information of which the company's auditors are unaware; and
- we have taken all the steps that we ought to have taken as directors in order to make ourselves aware of any relevant audit information and to establish that the company's auditors are 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.

Auditors

MHA MacIntyre Hudson have expressed their willingness to continue in office and a resolution to re-appoint them as auditors will be put to the members at the Annual General Meeting.

Approved by the board and signed on its behalf by:

.....
Michael R Ellis
Chairman of the Board of Trustees

Date:

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE MORTIMER SOCIETY

We have audited the financial statements of The Mortimer Society for the year ended 31 October 2016 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 its members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the Statement of Trustees' Responsibilities (set out on page 7), 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.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Director's report and Strategic report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 October 2016, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Director's report and Strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE MORTIMER SOCIETY

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where 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.

Richard Kreffer FCCA
Senior Statutory Auditor

for and on behalf of

MHA MacIntyre Hudson
Chartered Accountants and
Statutory Auditor
31 St George's Place
Canterbury
Kent
CT1 1XD

Date:

**STATEMENT OF FINANCIAL ACTIVITIES (Incorporating an Income and Expenditure Account)
FOR THE YEAR ENDED 31 OCTOBER 2016**

	Note	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
INCOME FROM:					
Charitable activities	2	3,477,185	-	3,477,185	3,142,346
Donations, grants and legacies	3	5,092	-	5,092	102,686
Investments (bank deposit interest)		5,062	-	5,062	4,769
Fundraising		1,453	-	1,453	918
Other		240	-	240	-
Total income		3,489,032	-	3,489,032	3,250,719
EXPENDITURE ON:					
Charitable activities	4	3,169,784	-	3,169,784	2,895,163
Total expenditure		3,169,784	-	3,169,784	2,895,163
Net income	9	319,248	-	319,248	355,556
Transfers between funds	14	-	-	-	-
Net movement in funds		319,248	-	319,248	355,556
RECONCILIATION OF FUNDS					
Total funds brought forward		4,972,323	-	4,972,323	4,616,767
Total funds carried forward		5,291,571	-	5,291,571	4,972,323

All income included above derived from continuing activities.

The notes on pages 13 to 20 form part of these financial statements.

**BALANCE SHEET
AS AT 31 OCTOBER 2016**

	Note	2016	2015
		£	£
FIXED ASSETS			
Tangible assets	11	4,111,267	4,209,050
CURRENT ASSETS			
Debtors	12	221,354	146,135
Cash at bank and in hand		<u>1,175,473</u>	<u>785,141</u>
		1,396,827	931,276
CREDITORS: amounts falling due within one year	13	<u>(216,523)</u>	<u>(168,003)</u>
NET CURRENT ASSETS		<u>1,180,304</u>	<u>763,273</u>
NET ASSETS		<u><u>5,291,571</u></u>	<u><u>4,972,323</u></u>
THE FUNDS OF THE CHARITY			
Unrestricted funds:			
General funds	14	1,175,529	758,406
Designated funds	14	4,116,042	4,213,917
TOTAL CHARITY FUNDS	15	<u><u>5,291,571</u></u>	<u><u>4,972,323</u></u>

The financial statements were approved and authorised for issue by the Board on

Signed on behalf of the Board of trustees:

.....
M R Ellis

Company Registration number 01741444

The notes on pages 13 to 20 form part of these financial statements.

**STATEMENT OF CASHFLOWS
FOR THE YEAR ENDED 31 OCTOBER 2016**

		2016 £	2015 £
Cash flow from operating activities			
Net cash flow from operating activities	16	<u>402,803</u>	<u>512,708</u>
Cash flow from investing activities			
Interest received		5,062	4,769
Purchase of tangible fixed assets		(26,971)	(177,174)
Proceeds from sale of tangible fixed assets		700	-
Net cash inflow from investing activities		<u>(21,209)</u>	<u>(172,405)</u>
Cash flow from financing activities			
Interest paid		-	(2,164)
Repayment of loans		-	(243,910)
Net cash flow from financing activities		<u>-</u>	<u>(246,074)</u>
Net increase in cash and cash equivalents		381,594	94,229
Cash and cash equivalents at 1 November 2015		<u>785,141</u>	<u>690,912</u>
Cash and cash equivalents at 31 October 2016	17	<u><u>1,166,735</u></u>	<u><u>785,141</u></u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2016**

1 Accounting Policies**a) General information and basis of preparation**

The Mortimer Society is a charitable company registered in England. In the event of the charity being wound up, the liability in respect of the guarantee is £1 per member of the charity. The address of the registered office is given in the charity information on page 1. The nature of the charity's operations and principal activity is to provide relief for those in need by reason of ill health or disability.

The charity constitutes a public benefit entity as defined by FRS 102. 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) issued on 16 July 2014 (as updated through Update Bulletin 1 published on 2 February 2016), the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities Act 2011, the Companies Act 2006 and UK Generally Accepted Practice as it applies from 1 January 2015.

The financial statements are prepared on a going concern basis under the historical cost convention, modified to include certain items at fair value. The financial statements are presented in sterling which is the functional currency of the charity and rounded to the nearest pound.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

The charity adopted FRS102 and the Charities SORP for its 2016 financial statements and concluded that no material transitional adjustments or restatements of comparative items were required. The transition date was 1 November 2014.

An explanation of how the transition to the revised reporting framework has affected the reporting financial position and performance is given below.

b) Reconciliation with previous Generally Accepted Accounting Practice

In preparing these accounts, the directors have considered whether in applying the accounting policies required by FRS 102 and the Charities SORP (FRS 102) the restatement of comparative items was required.

They concluded that no material transitional adjustments or restatements of comparative items were required, and that the policies applied under the Charity's previous accounting framework are not materially different to FRS 102. However, in accordance with the SORP, governance costs are now included within the Statement of Financial Activities as a separate component of support costs (Note 4). This has no impact on the net performance or financial position of the Charity.

c) Incoming resources

Incoming resources are mainly attributable to the principal activity of the charity, representing fees receivable from Local Authorities and Clinical Commissioning Groups. Income from charitable activities (fee income) received in advance of the service being provided is deferred until the recognition criteria are met. Income from donations and grants are recognised when the charity is notified of the amount and date of settlement. If there are conditions attached then the income is deferred until those conditions are fully met, or the fulfilment of the conditions is within the control of the charity and it is probable that they will be fulfilled.

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.

Income from fundraising includes income earned from fundraising events to raise funds for the charity.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2016**

1 Accounting policies (continued)
d) Resources expended

Resources expended are recognised in the period in which a liability is incurred. The company is not registered for VAT and accordingly expenditure is shown gross of irrecoverable VAT.

Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

Governance costs include those costs associated with meeting the constitutional and statutory requirements of the charity and include the audit fees and costs linked to the strategic management of the charity.

All costs are allocated on a basis designed to reflect the use of the resource. Costs relating to a particular activity are allocated directly, others are apportioned on an appropriate basis as set out in note 4.

e) Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation. As from 1 November 2005 additions costing below £2,500 are not capitalised. Depreciation is calculated to write off the cost of tangible fixed assets evenly over their estimated useful lives as follows:

Freehold land	Nil
Freehold buildings	Over 50 years (as from 1 November 2002)
Integral features (included within buildings)	Over 15 - 20 years
Motor vehicles	Over 3 years
Household furniture and equipment	Over 5 years

Tangible fixed assets not in use at the balance sheet date are not depreciated.

f) Debtors

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

g) Cash at bank and cash 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.

h) 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 reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

i) Pensions

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. Contributions are charged to the Statement of Financial Activities as they become payable in accordance with the rules of the scheme.

j) Leasing commitments

Rentals payable under operating leases are charged to the Statement of Financial Activities on a straight line basis over the period of the lease term.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2016**
1 Accounting policies (continued)
k) 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 a winding-up is limited to £1.

l) Fund accounting

Funds held by the charity are:

Unrestricted general funds - these are funds which can be used in accordance with the charitable objects at the discretion of the directors.

Designated funds - these are funds set aside by the directors out of unrestricted general funds for specific future purposes or projects.

Restricted funds - these are funds that can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

m) Financial instruments

The Charity holds only basic financial instruments. These are held at cost.

n) Going concern

The financial statements have been prepared on a going concern basis as the Trustees believe that no material uncertainties exist. The directors have considered the level of funds held and the expected level of income and expenditure for 12 months from authorising these financial statements. The budgeted income and expenditure is sufficient with the level of reserves for the Charity to be able to continue as a going concern.

o) Judgements and key sources of estimation uncertainty

No significant judgments or key estimates have been made by the charity's directors in preparing these financial statements.

2 Income from charitable activities

	Unrestricted 2016 £	Restricted 2016 £	Total 2016 £	Total 2015 £
Fees receivable	3,477,185	-	3,477,185	3,142,346
	<u>3,477,185</u>	<u>-</u>	<u>3,477,185</u>	<u>3,142,346</u>

Fees receivable during the current and previous reporting periods were fully attributable to unrestricted funds.

3 Donations, grants and legacies

	Unrestricted 2016 £	Restricted 2016 £	Total 2016 £	Total 2015 £
Donations	5,092	-	5,092	79,114
Legacies	-	-	-	23,572
	<u>5,092</u>	<u>-</u>	<u>5,092</u>	<u>102,686</u>

Of the donations receivable during the year, £5,092 (2015: £4,114) were unrestricted and £nil (2015: £98,572) were restricted.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2016**

4 Resources expended

	Basis of allocation	Provision of care services	2016 Total	2015 Total
	£	£	£	£
Costs directly allocated to activities:				
Staff recruitment	Direct	4,875	4,875	3,145
Travel and other staff costs	Direct	63,445	63,445	60,469
Resident costs including food and household expenses	Direct	319,837	319,837	286,095
Property costs	Direct	103,483	103,483	119,326
Insurance	Usage	16,996	16,996	15,541
Loan interest	Usage	-	-	2,164
Agency costs	Direct	265,326	265,326	164,529
Wages and salaries	Direct	2,001,538	2,001,538	1,800,796
Depreciation	Usage	124,754	124,754	173,380
Profit on disposal of fixed assets	Usage	(700)	(700)	-
		2,899,554	2,899,554	2,625,445
Support costs apportioned to activities:				
General office costs	Usage	44,978	44,978	40,757
Communications	Usage	11,062	11,062	11,702
Professional fees	Usage	15,380	15,380	14,255
Bank charges	Usage	1,475	1,475	1,607
Office and finance staff costs	Staff time	128,322	128,322	133,828
Governance (Note 5)		69,013	69,013	67,569
		270,230	270,230	269,718
Totals		3,169,784	3,169,784	2,895,163

Total expenditure relating to the Provision of care services for the current and previous periods were fully attributable to unrestricted funds.

5 Governance costs

	Unrestricted funds	Total funds	Total funds
	2016	2016	2015
	£	£	£
Audit costs	9,547	9,547	8,202
Communications	1,229	1,229	1,300
General office costs	4,998	4,998	4,529
Travel and other staff costs	222	222	839
Office and finance staff costs	53,017	53,017	52,699
	69,013	69,013	67,569

6 Auditors' remuneration

	2016	2015
	£	£
Fees payable to the charity's auditors for the audit of the charity's annual accounts	9,547	8,202
	9,547	8,202

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2016**

7 Staff costs	2016	2015
	£	£
Total staff costs and employee benefits were as follows:		
Salaries and wages	1,988,466	1,807,290
Social Security costs	137,722	117,321
Defined pension contribution and life insurance costs	56,689	62,712
	2,182,877	1,987,323

The average number of employees during the year were as follows:

	2016	2015
	No.	No.
Provision of care services	125	123
Administration and support	4	4
Governance	1	1
Total	130	128

The average number of employees during the year calculated on the basis of full time equivalents was:

	2016	2015
	No.	No.
Provision of care services	115	111
Administration and support	3	4
Governance	1	1
Total	119	116

No employees received total employee benefits (excluding employer pension costs) of more than £60,000.

8 Key management personnel remuneration and trustees' expenses

Neither the trustees nor any persons connected with them have received any remuneration or benefits in kind from the company. No amounts (2015 - £nil) were paid to any (2015 - nil) trustee in respect of reimbursed travel expenses during the year.

The total amount of employee benefits received by key management personnel was £198,348 (2015: £192,360). The Charity considers its key management personnel comprise:

- Trustees
- Paul Studd
- Melanie McCarthy
- Sue Matthews
- Elaine Runeckles
- Simon Dawes

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2016**

9 Net income for the year	2016	2015
	£	£
This is stated after charging:		
Depreciation of tangible fixed assets	124,754	173,380
Profit on disposal of fixed assets	(700)	-
Auditors' remuneration	9,547	8,202
	<u> </u>	<u> </u>

10 Taxation

The charitable company is exempt from Corporation Tax on its charitable activities.

11 Tangible Fixed Assets	Freehold land & buildings	Motor vehicles	Household furniture & equipment	Total
	£	£	£	£
Cost				
At 1 November 2015	4,870,717	99,298	489,878	5,459,893
Additions	5,584	-	21,387	26,971
Disposals	-	(14,750)	-	(14,750)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 October 2016	4,876,301	84,548	511,265	5,472,114
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Depreciation				
At 1 November 2015	737,204	99,298	414,341	1,250,843
Charge for the year	99,372	-	25,382	124,754
Depreciation on disposals	-	(14,750)	-	(14,750)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 October 2016	836,576	84,548	439,723	1,360,847
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net book values				
At 31 October 2016	4,039,725	-	71,542	4,111,267
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 October 2015	4,133,513	-	75,537	4,209,050
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Included within land and buildings is freehold land with an estimated cost of £219,000 which is not depreciated.

12 Debtors	2016	2015
	£	£
Trade debtors	174,616	87,582
Other debtors	603	2,898
Prepayments and accrued income	46,135	55,655
	<u> </u>	<u> </u>
	221,354	146,135
	<u> </u>	<u> </u>

13 Creditors: Amounts falling due within one year	2016	2015
	£	£
Taxation and social security	27,816	23,585
Other creditors	154,151	119,842
Accruals and deferred income	34,556	24,576
	<u> </u>	<u> </u>
	216,523	168,003
	<u> </u>	<u> </u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2016**

13 Creditors: Amounts falling due within one year (continued)	£
Deferred income at 1 November 2015	18,576
Resources deferred during the year	8,246
Amounts released from previous years	<u>(18,576)</u>
Deferred income at 31 October 2016	<u><u>8,246</u></u>

Income has been deferred in respect of fees received in advance.

14 Unrestricted funds	General Fund	Birling House Donations (Designated)	Frindsbury House Donations (Designated)	Fixed Assets Fund (Designated)	Total
	£	£	£	£	£
Balance at 1 November 2015	758,406	3,826	1,041	4,209,050	4,972,323
Income	3,482,079	5,482	1,471	-	3,489,032
Expenditure	(3,162,739)	(6,970)	(75)	-	(3,169,784)
Transfers	<u>97,783</u>	<u>-</u>	<u>-</u>	<u>(97,783)</u>	<u>-</u>
Balance at 31 October 2016	<u><u>1,175,529</u></u>	<u><u>2,338</u></u>	<u><u>2,437</u></u>	<u><u>4,111,267</u></u>	<u><u>5,291,571</u></u>

The designated fixed assets fund represents the net book value of tangible fixed assets minus the long term element of the loans used to finance those assets. An amount is transferred to or from the fund representing the movement in the net book value of tangible fixed assets and long term loan balance in the year.

The Birling and Frindsbury House designated funds hold donations received at each house during the year. These pots of money will be used to fund purchases of items outside of the general operating budget of the charity and the managers and staff of each home will be able to contribute ideas for how the money will be spent.

15 Analysis of net assets between funds	Unrestricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Fund balances are represented by:			
Tangible fixed assets	4,111,267	4,111,267	4,209,050
Net current assets	<u>1,180,304</u>	<u>1,180,304</u>	<u>763,273</u>
Total net assets	<u><u>5,291,571</u></u>	<u><u>5,291,571</u></u>	<u><u>4,972,323</u></u>

16 Reconciliation of net movement in funds to net cash flow from operating activities

	2016 £	2015 £
Net income for the year	319,248	355,556
Adjustment for:		
Interest receivable	(5,062)	(2,605)
Depreciation of tangible fixed assets	124,754	173,380
Profit on sale of tangible fixed assets	(700)	-
Increase in debtors	(75,219)	(60,651)
(Decrease)/increase in creditors	39,782	47,028
Net cash inflow from operating activities	<u><u>402,803</u></u>	<u><u>512,708</u></u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2016**

17 Cash and cash equivalents

	2016 £	2015 £
Cash at bank	1,175,473	785,141
Bank overdraft	(8,738)	-
	<u>1,166,735</u>	<u>785,141</u>

18 Financial commitments

At 31 October 2016 the total future minimum lease payments under non-cancellable operating leases were as follows:

	2016 £	2015 £
Amounts payable:		
Within 1 year	6,256	2,755
Within 2-5 years	15,839	4,903
	<u>22,095</u>	<u>7,658</u>

19 Pension scheme

The charitable company operates a defined contribution pension scheme open to all permanent employees. During the year the charitable company contributed £46,230 (2015 - £50,784) on behalf of employees who have opted in to the scheme. Of these contributions £nil (2015 - £2,909) remained outstanding at the balance sheet date and is included within current liabilities.

20 Related party transactions

There were no related party transactions in the year (2015: £nil).