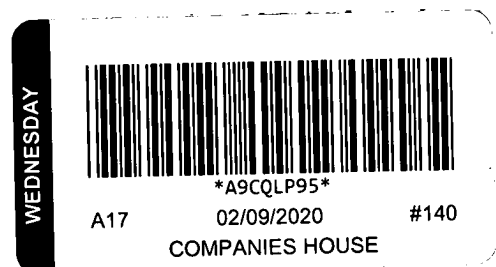


**St Cuthbert's Care**  
**(A company limited by guarantee)**  
**Annual Report**  
**for the year ended 31 March 2020**

**Registered Number 1645917**

**Registered Charity Number 512912**



# **St Cuthbert's Care**

## **Annual Report**

### **for the year ended 31 March 2020**

#### **Contents**

<b>Directors and Advisors for the year ended 31 March 2020 .....</b>	<b>1</b>
<b>Strategic report for the year ended 31 March 2020 .....</b>	<b>2</b>
<b>Directors' report for the year ended 31 March 2020 .....</b>	<b>7</b>
<b>Independent auditors' report to the members of St Cuthbert's Care.....</b>	<b>10</b>
<b>Statement of financial activities (incorporating an Income and Expenditure Account) for the year ended 31 March 2020.....</b>	<b>13</b>
<b>Reconciliation of funds for the year ended 31 March 2020 .....</b>	<b>14</b>
<b>Balance sheet as at 31 March 2020.....</b>	<b>15</b>
<b>Cash flow statement for the year ended 31 March 2020 .....</b>	<b>16</b>
<b>Accounting policies .....</b>	<b>17</b>
<b>Notes to the financial statements for the year ended 31 March 2020.....</b>	<b>21</b>

# **St Cuthbert's Care**

## **Directors and Advisors for the year ended 31 March 2020**

**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 Chairman 24 July 2019)
Mr J Devine	
Mr M Dickson	
Reverend D Donnelly	(resigned Chairman and Director 24 July 2019)
Mr N Gilbert	
Dr J Kelliher	(resigned 30 April 2020)
Mr P Moran	
Mrs K Urwin	
Dr K Mannix	(appointed 24 January 2020)
Mrs A Johnson	(appointed 24 January 2020)

### **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

# **St Cuthbert's Care**

## **Strategic report for the year ended 31 March 2020**

The Directors present their strategic report for the year ended 31 March 2020.

### **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's Vision reads:

*To achieve excellence in all that we do*

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 2019, and is regularly and formally reviewed.

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.

### **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. The charity's two day-resources for people with disabilities, together with its community work, are not regulated areas of work.

All of the Charity's regulated services and their independent ratings reflect 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. A selection of testimonies received over this past year can be accessed from the Charity's Annual Review, its websites and its social media pages.

The Charity's significant achievements this year include:

- Commencement, in the last three months of the year, of the charity's strategic five year plan. This focuses the charity's attention on its future expansion and development.

## St Cuthbert's Care

- Retaining existing overall *Outstanding* ratings in several registered services and achieving a further two individual *Outstanding* ratings in:
  - Care at St Catherine's, the charity's nursing home in Newcastle
  - Leadership at Auton House, one of the charity's children's homes in Newcastle
- Significant ongoing investment in staff teams, resulting in retaining accreditation as a Living Wage Employer for this past and current year. This is becoming one of the charity's greatest challenges in the continuing and relentless battle to fight for acceptable funding levels across all areas of social care.
- Establishment of a financially secure base enabling the creation of and appointment of three senior roles within the charity: Practice Lead, Disability Lead and Dementia Lead. These roles will add depth and strength to our expertise.
- Smooth and seamless transition of movement of two senior roles within the charity: stepping down of the charity's longstanding Director of Care as the charity's Fostering Manager (preparation towards retirement) and the promotion of her deputy into the role.

### Financial review

The Statement of Financial Activities for the year is set out on page 13 of the financial statements. A summary of the financial results and the work of the Charity is set out below.

### Income generation

The Charity's income from charitable activities increased by 1.9%, with increases in both older people's services and fostering due to improvements in occupancy and fees. There was a slight decline in income from both services for children and services for disabled people which reflects the continuing funding constraints in the social care sector.

The Charity's total income this year is £9,815,603 (2019: £10,091,211), a decrease of £275,608. This reflects the decrease in donations, 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 the 2018/19 financial year.

### 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. Fundraising is co-ordinated by the Charity's own staff and no external fundraisers are engaged. Money is raised through voluntary contributions from the Charity's supporters, local businesses and organised events.

The Alan Shearer Foundation raised £302,834 during the year (2019: £601,184) with one fundraising ball rather than two, 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.

The charity has registered with the Fundraising Regulator and follows their Code of Fundraising Practice. The charity has received no complaints during the year in connection with its fundraising.

# St Cuthbert's Care

## Cashflow

Despite the challenging year the Charity has generated £389,910 in cash during the year and strengthened its cash balance to £1,799,838. 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 increased by 0.54% to £9,741,513 (2019: £9,689,162). The Charity continued its focus on efficiencies and controlling costs during the year, essential for a charity working within a market of tight and constrained income streams.

## 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 297 (2019: 304) full and part-time employees delivering care and support. In addition, there are a further 37 (2019: 31) 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.

## 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 are focusing upon the implementation of the Charity's newly approved Fire Year Plan for 2020 to 2025. Broadly, this will cover:

- Significant expansion of the charity's disabled services for people with an acquired brain injury
- Bespoke holiday chalet provision for families with disabled children
- Development of a dedicated dementia provision for one of our charity's nursing homes, overseen by a newly appointed Dementia Lead

## **St Cuthbert's Care**

- Continual focus on staff development to recruit and retain the highest calibre of employee to ensure excellent delivery of care

### **Principal risks and uncertainties**

The Charity's core work is in frontline 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.

### **Covid-19 Pandemic**

As at 31 March 2020 the impact of the Covid-19 pandemic had not materially impacted on the charity. Additional costs were being incurred in relation to personal protective equipment as the charity implemented measures to protect its employees and the people it supports.

The charity's primary purpose is to deliver frontline registered care. These registered services had to remain open and safe. To ensure this, in mid-March, the charity chose to close four of its services; two being non-registered day resources. The purpose of this was to strengthen the essential services that had to remain open by redeploying these teams and ensuring continued income generation for the charity. This immediate action allowed the charity's remaining services to manage without use of agency staff should charity staff have to self-isolate. During a pandemic, non-use of agency staff is a key control in keeping services free of the virus. In turn, remaining safe allowed the charity to continue to accept new referrals. This contingent strategy worked well, with minimal disruption to the remaining services.

Of the four services that were closed: one was non-income generating and was supported by the restricted fund. Closure reduced the expenditure from this fund. The second was undergoing a transition within its client group and was not yet financially contributing at full strength. The third was a children's home that was likely to merge with another of the charity's homes and the emergence of the pandemic allowed this action to be progressed very quickly: existing service users transferred immediately and saved the charity drawn-out transitional costs. Commissioners chose to continue to fund the fourth closed service, to support the charity to re-open when deemed appropriate. This latter position is testimony of how well the charity's services are regarded by the commissioning local authorities.

The charity reviewed its forecast for the coming year and modelled for a cautious, worst-case scenario approach. This forecasted approach indicated that, at worst, the charity would maintain a healthy cash reserve and would be able to continue to pay its debts as they fell due beyond 12 months from signing this report.

The Directors have assessed that the charity was well placed to deal with the immediacy of the pandemic due to the nature of its work; infection control and keeping people safe is at the heart of its work. The charity's actions to date have further evidenced this.

## St Cuthbert's Care

On reviewing all relevant data, the Directors remain confident that the charity's business activities will continue to be needed and in demand. The charity's work is the provision of essential care services commissioned by local authorities so risk of a reduction in income from established services is low. Indeed, the charity has experienced an increase in interest and demand for the charity's services during the height of the pandemic. The charity's excellent reputation brings added comfort. Nonetheless, the Directors expect this financial year to be challenging and additional costs will be inevitable, but manageable.

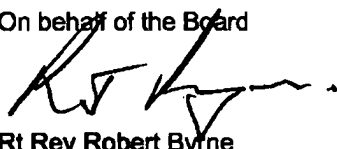
The charity's swift and effective management of this difficult time has further strengthened the charity's already strong reputation with commissioners, and new business opportunities with commissioners have arisen as a direct result. At the time of writing, the Government has also introduced financial measures to support the social care sector, which affords even more headroom for the charity during these uncertain times.

The Directors have considered the potential effects of the current pandemic on the charity. The Directors have reviewed and assessed the financial performance for the first quarter of 2020/2021, in which an operating surplus of £50,000 has been achieved as a result of the actions taken by the charity, (compared with £74,090 for the full year ending 2019/20). Following these robust assessments, the Directors continue to adopt the going concern basis of accounting.

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](http://www.stcuthbertscare.org.uk).

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

On behalf of the Board



Rt Rev Robert Byrne  
Chairman

22 July 2020



# **St Cuthbert's Care**

## **Directors' report for the year ended 31 March 2020**

The Directors present their report and the audited financial statements for the year ended 31 March 2020.

### **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 care.

### **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 Director of Compliance, meets 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	Moir Ashman
Director of Finance	Nic Gilbert
Director of Care	Amanda Head
Director of Compliance	Gill Ennis
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**

## **Financial review**

The Statement of Financial Activities for the year is set out on page 13 of the financial statements. A summary of the financial results and the work of the Charity is included in the Strategic report.

## **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.

## **Pay policy for senior staff**

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

## **Rotation of directors**

The Directors would like to thank Father Donnelly for his contribution to the charity during his term in office as a director and Chairman. The Right Rev Bishop Robert Byrne was appointed as Chairman on 24 July 2019.

## **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.

## **Dividends and transfers to reserves**

The surplus of incoming resources over expenditure amounted to £74,090 (2019: £402,049) and has been taken to reserves. In accordance with the company's Articles of Association no dividends are payable.

## **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;

## St Cuthbert's Care

- observe the methods and principles in the Charities' SORP;
- make judgements and estimates that are reasonable and prudent;
- 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 and social media accounts. 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:

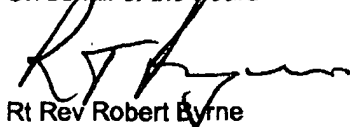
- there is no relevant audit information of which the Company's auditors are unaware, and
- each director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware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

On behalf of the Board



Rt Rev Robert Byrne  
Chairman

22 July 2020

# **St Cuthbert's Care**

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

### **Report on the audit of 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 2020 and of its incoming resources and application of resources, including its income and expenditure, and cash flows, 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 2020; Statement of financial activities (incorporating an Income and Expenditure account), Reconciliation of funds, Cash flow 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.

# **St Cuthbert's Care**

## **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.

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.

## ***Strategic report and Directors' report***

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

In addition, in light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' 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 8 and 9, 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.

## **St Cuthbert's Care**

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](http://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.

## **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 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  
23 July 2020

## St Cuthbert's Care

### Statement of financial activities (incorporating an Income and Expenditure Account) for the year ended 31 March 2020

	Note	Unrestricted funds	Restricted funds	2020 Total	2019 Total
		£	£	£	£
<b>Income</b>					
<i>Income from charitable activities:</i>					
Care for children		2,145,950	-	2,145,950	2,280,542
Care for people with disabilities		2,779,645	22,775	2,802,420	2,818,527
Care for older people		3,376,750	-	3,376,750	3,101,653
Grants receivable		2,372	2,733	5,105	2,000
Fostering & social work		903,154	-	903,154	860,858
<i>Income from donations, legacies and other trading activity</i>					
Donations		100,389	134,289	234,678	309,271
Legacies		35,473	-	35,473	65,127
Other trading activities		48,700	255,803	304,503	648,493
Investment income		5,371	2,199	7,570	4,740
Other income		-	-	-	-
<b>Total income</b>		<b>9,397,804</b>	<b>417,799</b>	<b>9,815,603</b>	<b>10,091,211</b>
<b>Expenditure</b>					
Expenditure on charitable activities	1	9,364,706	264,155	9,628,861	9,467,704
<i>Expenditure on raising funds</i>					
Donations and legacies	2	14,947	-	14,947	20,051
Other trading activities	2	5,515	92,190	97,705	201,407
<b>Total expenditure</b>		<b>9,385,168</b>	<b>356,345</b>	<b>9,741,513</b>	<b>9,689,162</b>
<b>Net income for the year</b>	6	<b>12,636</b>	<b>61,454</b>	<b>74,090</b>	<b>402,049</b>

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 2020**

	<b>Unrestricted funds £</b>	<b>Restricted funds £</b>	<b>Total 2020 £</b>	<b>Total 2019 £</b>
<b>Fund balances at 1 April</b>	<b>6,344,266</b>	<b>464,902</b>	<b>6,809,168</b>	<b>6,407,119</b>
<b>Net income for the year</b>	<b>12,636</b>	<b>61,454</b>	<b>74,090</b>	<b>402,049</b>
<b>Fund balances at 31 March</b>	<b>6,356,902</b>	<b>526,356</b>	<b>6,883,258</b>	<b>6,809,168</b>



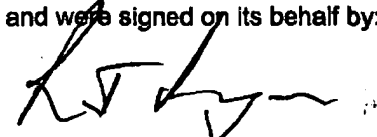
# St Cuthbert's Care

## Balance sheet as at 31 March 2020

Company registration number: 1645917

	Note	2020 £	2019 £
<b>Fixed assets</b>			
Tangible assets	8	5,485,479	5,650,321
<b>Total fixed assets</b>		<b>5,485,479</b>	<b>5,650,321</b>
<b>Current assets</b>			
Debtors	9	620,830	779,986
Cash at bank and in hand		1,799,838	1,409,928
<b>Total current assets</b>		<b>2,420,668</b>	<b>2,189,914</b>
<b>Creditors: amounts falling due within one year</b>	10	<b>(611,401)</b>	<b>(591,862)</b>
<b>Net current assets</b>		<b>1,809,267</b>	<b>1,598,052</b>
<b>Total assets less current liabilities</b>		<b>7,294,746</b>	<b>7,248,373</b>
<b>Creditors: amounts falling due after more than one year</b>	11	<b>(325,000)</b>	<b>(350,000)</b>
Provisions for liabilities and charges	12	(86,488)	(89,205)
<b>Net assets</b>		<b>6,883,258</b>	<b>6,809,168</b>
<b>The funds of the Charity</b>			
<b>Unrestricted funds</b>			
General funds	17	750,000	750,000
Designated funds: Charity assets fund	17	5,606,902	5,594,266
		<b>6,356,902</b>	<b>6,344,266</b>
<b>Restricted funds</b>	17	<b>526,356</b>	<b>464,902</b>
<b>Total funds</b>	17	<b>6,883,258</b>	<b>6,809,168</b>

The financial statements on pages 13 to 29 were approved by the Board of Directors on 22 July 2020 and were signed on its behalf by:



Rt Rev Robert Byrne  
Chairman

## St Cuthbert's Care

### Cash flow statement for the year ended 31 March 2020

	Note	2020 £	2019 £
<b>Net cash inflow from operating activities</b>	<b>14</b>	<b>454,699</b>	<b>463,942</b>
<b>Returns on Investment and servicing of finance</b>			
Interest received		7,570	4,740
Net cash inflow from returns on investments and servicing of finance		7,570	4,740
<b>Capital expenditure and financial investment</b>			
Purchase of tangible fixed assets		(72,359)	(126,292)
Net cash outflow from capital expenditure and financial investment		(72,359)	(126,292)
<b>Increase in cash in the year</b>	<b>15</b>	<b>389,910</b>	<b>342,390</b>
Cash and cash equivalents at the beginning of the year		1,409,928	1,067,538
<b>Total cash and cash equivalents at the end of the year</b>		<b>1,799,838</b>	<b>1,409,928</b>

# **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.

In October 2019, a revised SORP was issued which is applicable to accounting periods commencing on or after 1 January 2019. The Directors have adopted the revised SORP the first time in these financial statements. The adoption of the revised SORP has had no material impact on these financial statements. However, it has required certain additions to or amendments of disclosures in the financial statements.

### **Preparation of the Financial Statements on a going concern basis**

In the year ended 31 March 2020 the charity recorded a surplus for the year of £74,090 and generated cash from operating activities of £454,699 leading to a year end cash position of £1,799,838 with no borrowings.

As at 31 March 2020 the impact of the Covid-19 pandemic had not materially impacted on the charity. Additional costs were being incurred in relation to personal protective equipment as the charity implemented measures to protect its employees and the people it supports.

The charity reviewed its forecast for the coming year and modelled for a cautious, worst-case scenario approach. This forecasted approach indicated that, at worst, the charity would maintain a healthy cash reserve and would be able to continue to pay its debts as they fell due beyond 12 months from signing this report.

On reviewing all relevant data, the Directors remain confident that the charity's business activities will continue to be needed and in demand. The charity's work is the provision of essential care services commissioned by local authorities so risk of a reduction in income from established services is low. Indeed, the charity has experienced an increase in interest and demand for the charity's services during the height of the pandemic. The charity's excellent reputation brings added comfort. Nonetheless, the Directors expect this financial year to be challenging and additional costs will be inevitable, but manageable.

The charity's swift and effective management of this difficult time has further strengthened the charity's already strong reputation with commissioners, and new business opportunities with commissioners have arisen as a direct result. At the time of writing, the Government has also introduced financial measures to support the social care sector, which affords even more headroom for the charity during these uncertain times.

The Directors have considered the potential effects of the current pandemic on the charity. The Directors have reviewed and assessed the financial performance for the first quarter of 2020/2021, in which an operating surplus of £50,000 has been achieved as a result of the actions taken by the charity, (compared with £74,090 for the full year ending 2019/20). Following these robust assessments, the Directors continue to adopt the going concern basis of accounting.

# St Cuthbert's Care

## Accounting policies (continued)

### 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.

### 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.

# **St Cuthbert's Care**

## **Accounting policies (continued)**

### **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.

### **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.

## **St Cuthbert's Care**

### **Accounting policies (continued)**

#### **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.

# St Cuthbert's Care

## Notes to the financial statements for the year ended 31 March 2020

### 1 Expenditure on charitable activities

	Direct costs £	Support costs £	2020 £	2019 £
Care for people with disabilities	2,801,445	284,193	3,085,638	3,138,990
Care for older people	3,525,317	348,619	3,873,936	3,585,215
Care for children, fostering & social work	2,462,912	206,375	2,669,287	2,743,499
	8,789,674	839,187	9,628,861	9,467,704

### 2 Expenditure on raising funds

	Direct costs £	Support costs £	2020 £	2019 £
Voluntary income, donations & legacies	13,315	1,632	14,947	20,051
Activities for generating funds	94,939	2,766	97,705	201,407
	108,254	4,398	112,652	221,458

### 3 Support costs

Support costs, including governance costs of £22,963 (2019: £22,186), not directly attributable to projects have been allocated on the basis of employee costs and are analysed below:

	Employee costs £	Depreciation £	Other costs £	Total 2020 £	Total 2019 £
Charitable activities	585,417	20,644	233,126	839,187	794,046
Raising funds	3,068	108	1,222	4,398	4,751
	588,485	20,752	234,348	843,585	798,797

# St Cuthbert's Care

## 4 Employee costs

	2020	2019
	£	£
<b>Employee costs:</b>		
Wages and salaries	6,666,815	6,626,871
Social security costs	522,616	531,695
Pension costs	139,860	115,450
	<b>7,329,291</b>	<b>7,274,016</b>

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. A statutory increase in the minimum contributions by employers from 2% to 3% accounts for the higher pension costs.

The company maintains Insurance for its employees in respect of their duties as employees as part of its overall insurance policy. Two employees received emoluments above £60,000. One of the employees is in the band £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 Finance, the Director of Care, the Director of Compliance & the Director of HR. The total employee benefits of the key management personnel of the Charity were £291,165 (2019: £249,776). The role of Director of Compliance was created in 2019/20 to further strengthen charity's management team.

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

	2020 Number	2020 Full-Time Equivalent	2019 Number	2019 Full-Time Equivalent
Charitable activities	295	244	302	248
Expenditure on raising funds	2	2	2	2
	<b>297</b>	<b>246</b>	<b>304</b>	<b>250</b>



## St Cuthbert's Care

### 5 Directors' emoluments

	2020	2019
	£	£
Aggregate emoluments and fees	145,000	146,321

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 (2019: £7,250). Directors received no reimbursement of travel expenses in the year (2019: £1,800).

Other than as noted above, no director was entitled to nor received any remuneration for their services (2019: £Nil) or were accruing benefits under the pension schemes (2019: £Nil) or received reimbursement of their expenses (2019: £Nil).

### 6 Net income for the year

Net income for the year is stated after charging:	2020	2019
	£	£
Depreciation charge for the year	237,201	232,739
Auditors' remuneration for audit services	17,400	16,055
Operating lease rentals for land and buildings	16,386	16,369

### 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
	£	£	£	£	£
<b>Cost</b>					
At 1 April 2019	6,296,922	2,411,941	73,656	6,255	8,788,774
Additions	-	78,614	-	-	78,614
Transfers	-	-	-	(6,255)	(6,255)
Disposals	-	-	-	-	-
<b>At 31 March 2020</b>	<b>6,296,922</b>	<b>2,490,555</b>	<b>73,656</b>	<b>-</b>	<b>8,861,133</b>
<b>Accumulated Depreciation</b>					
At 1 April 2019	1,713,896	1,361,294	63,263	-	3,138,453
Charge for the year	114,393	117,063	5,745	-	237,201
Eliminated in respect of disposals	-	-	-	-	-
<b>At 31 March 2020</b>	<b>1,828,289</b>	<b>1,478,357</b>	<b>69,008</b>	<b>-</b>	<b>3,375,654</b>
<b>Net book value</b>					
<b>At 31 March 2020</b>	<b>4,468,632</b>	<b>1,012,199</b>	<b>4,648</b>	<b>-</b>	<b>5,485,479</b>
At 31 March 2019	4,583,026	1,050,647	10,393	6,255	5,650,321

## 9 Debtors

	2020 £	2019 £
Trade debtors	401,053	573,167
Other debtors	865	1,550
Prepayments and accrued income	218,912	205,269
	<b>620,830</b>	<b>779,986</b>

## **St Cuthbert's Care**

### **10 Creditors: amounts falling due within one year**

	<b>2020 £</b>	<b>2019 £</b>
Trade creditors	<b>149,424</b>	120,696
Other creditors	<b>10,553</b>	6,091
Taxation and social security	<b>148,720</b>	126,937
Accruals and deferred income	<b>302,704</b>	338,138
	<b>611,401</b>	591,862

### **11 Creditors: amounts falling due after more than one year**

	<b>2020 £</b>	<b>2019 £</b>
Deferred income	<b>325,000</b>	350,000
	<b>325,000</b>	350,000

## **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 2019	89,205
Established during the year	15,396
Utilised during the year	(18,113)
<b>At 31 March 2020</b>	<b>86,488</b>

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 11 years.

The provision is anticipated to fall due as follows:

	2020 £	2019 £
In less than one year	18,912	18,480
Between one and two years	19,479	19,035
Between two and five years	40,729	43,087
In more than five years	7,368	8,603
	<b>86,488</b>	<b>89,205</b>

### **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

	2020 £	2019 £
Net income	74,090	402,049
Depreciation on tangible fixed assets	237,201	232,739
Deferred income	(25,000)	(25,000)
Decrease in provisions	(2,717)	(6,268)
Decrease in debtors	159,156	48,962
Increase / (decrease) in creditors	19,539	(183,800)
Interest received	(7,570)	(4,740)
<b>Net cash inflow from operating activities</b>	<b>454,699</b>	<b>463,942</b>

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

	2020 £	2019 £
Increase in cash in the year	389,910	342,390
Movement in net funds for the year	389,910	342,390
Net funds at 1 April 2019	1,409,928	1,067,538
<b>Net funds at 31 March 2020</b>	<b>1,799,838</b>	<b>1,409,928</b>

# St Cuthbert's Care

## 16 Analysis of net cash resources

	1 April 2019 £	Cash flow £	31 March 2020 £
Cash at bank and in hand	1,409,928	389,910	1,799,838
<b>Net funds</b>	<b>1,409,928</b>	<b>389,910</b>	<b>1,799,838</b>

## 17 Statement of funds

	At 1 April 2019 £	Income £	Expenditure £	Transfers £	At 31 March 2020 £
<b>General funds</b>	750,000	9,397,804	(9,385,168)	(12,636)	750,000
<b>Designated funds</b>					
Charity assets fund	5,594,266	-	-	12,636	5,606,902
<b>Total unrestricted funds</b>	<b>6,344,266</b>	<b>9,397,804</b>	<b>(9,385,168)</b>	<b>-</b>	<b>6,356,902</b>
<b>Restricted funds:</b>					
<b>Total restricted funds</b>	<b>464,902</b>	<b>417,799</b>	<b>(356,345)</b>	<b>-</b>	<b>526,356</b>
<b>Total funds</b>	<b>6,809,168</b>	<b>9,815,603</b>	<b>(9,741,513)</b>	<b>-</b>	<b>6,883,258</b>

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

### 17 Statement of funds (continued)

Analysis of net assets between funds

	Restricted funds £	Designated funds £	General funds £	Total £
Fund balances at 31 March 2020 are represented by:				
Fixed assets		5,485,479		5,485,479
Current assets	526,356	482,911	1,411,401	2,420,668
Current liabilities			(611,401)	(611,401)
Long term liabilities and provisions		(361,488)	(50,000)	(411,488)
	526,356	5,606,902	750,000	6,883,258

### 18 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 £108,923 (2019: £109,069) 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 2020 £13,762 (2019: £16,940) remained outstanding and is included in debtors.