

Cornerstone
because foundations matter

Directors' and Trustees' Report
For the Year Ended
31 March 2022

Cornerstone UK

Room 2 – Oxford House
Sixth Avenue
Doncaster
DN9 3GG

CORNERSTONE (NORTH EAST) ADOPTION AND FOSTERING SERVICE
(A Company Limited by Guarantee)

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CORNERSTONE (NORTH EAST) ADOPTION AND FOSTERING SERVICE
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REFERENCE AND ADMINISTRATIVE DETAILS OF THE COMPANY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 MARCH 2022

Trustees	Joshua MacDonald, Chair from 06 June 2022 (appointed as Trustee 27 January 2022) Jeremy Craxford (resigned 6 June 2022) ¹ Jen Frampton, ADM Gillian Horner Michael Horner Hazael Hornsby (resigned 29 April 2022) Janet Lancefield Nadine Parker, Acting Vice Chair Dr Jenny Simpson, ADM Charles Thomson Kenneth De Soyza (appointed 21 October 2021) Laura MacDonald (appointed 27 January 2022) ¹ Acting chair to 06 June 2022 and current Treasurer
Company registered number	05663749
Charity registered numbers	1114213 and SC050836
Registered office	Room 2, Oxford House Sixth Avenue Doncaster DN9 3GG
Chief executive officer	Pamela Birtle
Independent auditors	Kinnair Associates Limited Chartered Accountants Aston House Redburn Road Newcastle Upon Tyne NE51NB
Bankers	Yorkshire Bank York House Thornaby Town Centre Thornaby Stockton-On-Tees TS17 9PL

CORNERSTONE (NORTH EAST) ADOPTION AND FOSTERING SERVICE
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STATEMENT FROM THE CHAIR
FOR THE YEAR ENDED 31 MARCH 2022

In the letter of James to the early church, we are reminded that true religion involves looking after widows and orphans. Cornerstone in England, and Foundations Matter in Scotland is passionate, excited and privileged to be involved in this work, which is close to the heart of our Heavenly Father. The concepts behind fostering and adoption are deeply embedded in the Bible and as such, are a very 'Christian' thing to do.

It has been another busy, challenging but exciting year. In terms of the staff team and our extended family of carers, it has been more a year of consolidation rather than the rapid growth we have experienced in recent years. We are still small, but not quite as small as we were, and we are developing a structure which we trust will allow us to continue developing in a healthy way. New staff, such as our Service Manager and our new Foster Carer Recruiter and new Trustees of both England and Scotland are, we believe, a key to this.

Registering as a Charity in Scotland and opening our office near Stirling marks a significant step in our development, one we have aspired to for many years. We are excited to be involved in the work north of the border. And we are also keen to consolidate our position in England. The need for stable families to care for our most vulnerable children is growing ever stronger, and we long to be a big part of the solution.

We would like to extend heartfelt thanks to our carers, volunteers, staff and trustees for their sacrificial work on behalf of the children entrusted to our care and we thank the Lord for his grace and strength throughout the past year.

Joshua MacDonald
Chair

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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 MARCH 2022

The Trustees present their annual report together with the audited financial statements of the Company for the year 1 April 2021 to 31 March 2022. The Annual Report serves the purposes of both a Trustees' report and a directors' report under company law. The Trustees confirm that the Annual Report and financial statements of the charitable company comply with the current statutory requirements, the requirements of the charitable company's governing document and the 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 2019).

Since the Company qualifies as small under section 382 of the Companies Act 2006, the Strategic Report required of medium and large companies under the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 has been omitted.

Objectives and activities

• **Policies and objectives**

When reviewing the aims and objectives of the charity, and in exercising their powers and duties and planning future activities, the trustees have complied with the duty in section 17 of the Charities Act 2011 to have due regard to public benefit guidance published by the Commission including the guidance 'Public benefit: running a charity (PB2)'.

Cornerstone's overall aim is 'to improve the outcomes for children and young people in public care through the provision of a quality childcare service'. The activities of Cornerstone are carried out to further its charitable purpose for the public benefit. Cornerstone is a Christian charity. Each person within the organisation has an active Christian Faith, but collectively come from a diversity of cultural and ethnic backgrounds, which Cornerstone respects and promotes.

• **Strategies for achieving objectives**

Cornerstone specialises in providing high quality permanent substitute homes to children and young people in public care. The provision of permanent 'forever families' is achieved both through fostering and adoption. The children and young people are fully accepted into Cornerstone families and, whether fostered or adopted, they are cared for beyond the age of eighteen if this is their wish. Children placed through Cornerstone are often older children for whom the Local Authorities have been unable to find an adoptive family, sibling groups or children with special needs. We also offer a range of short-term placements. The Fostering Statement of Purpose (SOP) was updated in 2020 to reflect changes in the scope and range of the service. It has been further updated in 2022. The Post Adoption Support Service SOP has also been refreshed. Both are on the website and have been shared with Ofsted.

• **Activities undertaken to achieve objectives**

Details of our activity and its impact are set out below and are available on our website.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022

Achievements and performance

• **Review of activities**

In a significant shift in approach, contracts for outsourcing our HR and IT functions were placed during the year. This, we believe ensures that our processes are robust, fit for purpose, and designed to equip us for an ever-changing operating environment.

In a reflection of the ongoing growth of Cornerstone, the Trustees approved the creation of the post of Finance Manager. Not only will this appointment strengthen the Finance Function but will enhance the development and expansion of Cornerstone's operations.

As has already been mentioned, there have been changes in the location of offices (Menstrie and Darlington). This reflects the changing needs of the organization in its objective to be a truly national organization. Achieving a workable home/office hybrid system of working has presented its own challenges, particularly in the greater dependence on IT. As we engage with more children, families and external organisations and expand our organization geographically and numerically, we will continue to review our operational requirements which are bound to change with time.

To reflect our commitment to growth we have engaged the services of a Foster Carer Recruiter. We have already seen positive results from this, and several people have attended events having seen the call for foster carers on social media. With a new dedicated staff member strengthening our team we will aim to use both digital and in-person strategies to recruit more foster carers and to promote the work of Cornerstone around the country. Targeted ads are placed to carefully selected audiences throughout our social media channels. We are also buying ad space in various local outlets where we already have foster carers to develop the clusters further. As part of our overall PR strategy, we have started a blog on our website, and we are producing high quality content to our social media platforms that is relevant to our target audience. Our community-based strategies involve our dominant presence at Christian conferences and events as well as speaking engagements in local churches. We aim to offer online sessions for church staff and children's workers too on topics that are connected to the field of fostering and adoption.

During the year a branch office was opened in Menstrie, Stirlingshire. This gave a physical presence of Cornerstone in Scotland and demonstrated our intent and commitment to a sustainable ministry in Scotland. In Scotland we are to be known as Foundations Matter as there is already a charity called Cornerstone providing respite care for foster carers. It was also agreed that the office in Darlington was under utilised and that the lease would not be renewed. The move out of Darlington was completed in April, 2022.

During the year, it became apparent that the form of audit would need to change. This was necessary due to two factors as a cross border charity we became subject to a lower turn-over threshold under Scottish Regulations and our increased turnover meant that we would be required to be subject to a full audit rather than an independent examination sooner rather than later. Kinnair Associates Limited were appointed as auditors for the 2021/22 Annual Accounts after a comprehensive tendering exercise.

Cornerstone's application to be an adoption agency in 2019 resulted in a disagreement with Ofsted over its right to exclusively recruit carers, staff and volunteers who agree to sign up to its Statement of Faith and Code of Practice. Hearings in the High Court in May 2020 and the Court of Appeal in June 2021 have found partially in Cornerstone's favour, agreeing that we can lawfully work with Evangelical Christians. However, there are still elements of the ruling which are disputed by Cornerstone, in particular that we can have a Code of Practice defining our views on sexual ethics which should not impact on our ability to work with local authorities. It was unanimously agreed by the Trustees in September 2021 that we should continue to pursue this case. A decision from the Supreme Court over whether we have leave to appeal is still awaited.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022

Achievements and performance (continued)

Because of the fundamental principles underlying this case, which will impact a large number of faith groups within the Evangelical community and more widely among other faith groups, this case is being fully funded by the Christian Institute.

Charity Commission guidelines 'serious incidents' (England and Wales).

It is a regulatory requirement that the Trustees receive reports on all serious incidents and safeguarding matters at each Trustees meeting and these are recorded in the minutes. Cornerstone's Trustees declare compliance with the above and that there have been no incidents or other matters relating to the charity over the previous financial year that should have been brought to the Commission's attention but have not been brought.

• **Key performance indicators**

Summary of Fostering Statistics for 2021-2022

Position as at 31st March 2022

Number of Foster Families **20**

New Families approved during the Year **4**

Number of families who resigned **3**

Reasons for resignations:

- Adoption of the child by their foster family.
- Family moved to Scotland and could not adhere to the fostering regulations.
- Family struggled with fostering requirements and they preferred adoption.

Number of Foster Children **22**

Number of New Children Placed **11**

Number of Children who left Placements **12**

Reasons for leaving:

- 4 children went to planned adoptive placements
- 2 children went to join their siblings who were placed with another agency's foster carers
- 1 child went to a long-term placement
- 1 child turned 18, but remains living with the foster carers under a 'Staying Put' arrangement.
- 3 children moved due to notice being given because of their behaviours. (2 were emergency placements)

Panel

A new Panel Chair was appointed, and 3 new Panel Members were recruited. However, 3 Panel Members resigned.

There were 7 Panel Meetings during the year. Panel considered applications from 4 families, and also 10 Annual Reviews.

Summary of Post Adoption Support Statistics for 2021-2022

Position as at 31st March 2022

Number of Adoptive Families **3**

New Families approved during the Year **1**

Number of families support ended **2**

Number of Adopted Children who received PAS on 31st of March **4**

Number of New Children receiving PAS **1**

Number of Children no longer receiving PAS services **5**

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022

Achievements and performance (continued)

Financial review

• **Review of the year**

The year has been a challenging one for all at Comerstone. Changes in staff, promotional activities in both Scotland and England and coming out of lockdown have meant changes for all at Comerstone. The financial results, which were far better than predicted at the time the budget was set have demonstrated an ability to respond to changing environments and a resilience in the face of change.

In overall terms a shortfall of £10k was returned compared with a budgeted shortfall of £154k. This was driven, primarily, by a better performance than anticipated from placements (Fee income £852k compared with budget of £631k). This underlined steady growth in Comerstone's fostering income which has grown as shown below:

- £686K in 2020/21
- £532k in 2019/20
- £598k in 2018/19
- £294k in 2017/18

Demand for our services continues to be strong and invariably outstrips our ability to provide. Increased activity has meant that fees to families exceeded budget (£407k compared with a budget of £303k).

Other major variances include:

- Salaries £3584k compared with a budget of £391k (an underspend of £27k)
- Costs of Computer Support exceeded budget by £8k, reflecting the decision to outsource IT Support to an external provider.
- Mileage and Travel exceeded budget by £6k reflecting the promotional activity in Scotland.
- An underspend in the non-specific budget set aside for the work in Scotland of £24,500.
- Legal and Professional Fees overspent budget due to the increased use of contractors.

Debtor control continues to be challenging. Whilst Debtors were lower than in 2020/21 (£148k compared with £161k) we continually have to chase Local Authorities for the prompt payment of our invoices.

The Current Assets Figure of £353k represented 39% of turnover (4 to 5 months of activity) and was comparable with 2020/21.

The approved budget for 2022/23 provided for a significant draw on reserves in the year. However, it was recognised that this would not affect Comerstone's ability to operate effectively. Furthermore, this would enable Comerstone to consolidate its operations and prepare for growth in the 2023/24 financial year.

The Jubilee Fund continued to operate. The draw on the fund was small, and the balance available stood at nearly £19k at the end of the financial year.

• **Going concern**

The Trustees consider that Comerstone has sufficient resources to continue in the next few years. Reserves currently stand at £355,481. This has been brought about through year on year surpluses totalling £299k between 2015/16 and 2020/21. It is anticipated that growth in staff numbers and expansion into Scotland will bring about a deficit of about £200k in 2022/23, for which we have budgeted and provided for in a separate future losses fund. We can afford to make a such a deficit for one year. The strategy for bringing the charity back into surplus in subsequent years involves a combination of:

- A larger Finance team whose priorities will include pursuing arrears from local authority debtors
- Continued pursuit of grant funding from charitable organisations in Scotland to support our development north of the Border

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022

- An enhanced marketing team, but that our marketing strategy will allow placement numbers and inter-agency payments to grow through the latter part of the year.

Therefore the Trustees are happy to adopt the going concern basis of accounting in preparing the accounts.

• **Reserves policy**

The policy of Cornerstone is to hold sufficient reserves to operate for three months expenditure assuming no further income comes in.

At the year end, the charity held total reserves of £355k of which free reserves (after adjusting for non liquid funds and funds held in designated reserves) amounted to £132k. This would equate to approximately 1½ months' activity. The addition of finance staff referred to above is a key element of Cornerstone's strategy in chasing debts, which have risen significantly since just prior to the pandemic in 2019/20. The trustees are satisfied that the three months reserves position can be recovered.

• **Principal risks and uncertainties**

The Charity Trustees have considered the major risks to which the Charity is exposed and have satisfied themselves that systems or procedures have been established and updated to manage those risks. We ensure that policies and procedures are reviewed regularly and updated as necessary. This includes the regular review and updating of the Business Continuity Plan (updated 27/4/22).

Structure, governance and management

• **Constitution**

The charity is constituted as a company limited by guarantee and is governed by its memorandum and articles of association. Trading as Cornerstone, the company was launched as an independent agency on 1 April 2006.

Cornerstone was registered with the Commission for Social Care Inspection (CSCI) as an Independent Fostering Agency on 29 March 2006 and registered as a Post Adoption Support Agency on 19 June 2006. Ofsted took over from CSCJ on 1 April 2007. Cornerstone is currently registered with Ofsted as an Independent Fostering Agency and separately as a Post Adoption Support Agency.

• **Methods of appointment or election of Trustees**

All the directors of the company are also trustees of the charity, and there are no other trustees. The directors and trustees who served during the year are set out on page 2. In accordance with the Articles of Association there is no limit on the period the trustees are allowed to serve. At every AGM one third of the trustees who are subject to retirement by rotation, shall retire from office, and being eligible, can offer themselves for re-election.

The appointment of new trustees requires the unanimous approval of all existing trustees and receipt of DBS and reference checks.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022

Structure, governance and management (continued)

• **Organisational structure and decision-making policies**

The management of the Company is the responsibility of the Trustees who are elected and co-opted under the terms of the Trust deed.

In addition to the quarterly Trustees Meetings, the Senior Management Team meet monthly to consider operational and financial issues. The support of Trustees is sought out with the regular trustee meetings as necessary. The Treasurer receives a monthly financial management report from the Management Accountant.

Sheila Bamber resigned as Chair of Trustees in July 2021, three new trustees were successfully recruited – Ken De Soyza in October, 2021; Joshua MacDonald in January, 2022 and Laura MacDonald in January, 2022.

Eileen Brady was appointed as Responsible Individual (RI) in Sept 2021. This appointment coincided with the CEO's changing role to Founder in preparation for retirement in March 2023 with a non-operational focus, and reduction to part time hours. Additionally, the HR/Business Development Manager went on long term sick leave and another staff member started Maternity Leave. This left a significant vacuum in staffing with remaining staff having to assume increased roles to ensure the service was able to continue to run as planned. Alongside this was the development of Foundation Matters in Scotland which also had a resource implication in the lead up to a submission to the Scottish Care Inspectorate for registration as an Independent Fostering Agency (IFA). Trustees asked the RI to take on the overview of whole service function to ensure business continuity and the job title was amended to reflect this change to Service Manager/RI. For the time being this appointment will remain and will be subject to future whole service review moving forward. As a charity we recognise that there is a need to continue with an overall Head of Service/CEO to contribute to the expansion of activities and growth across England and Scotland whilst developing our current fostering and post adoption support service.

• **Policies adopted for the Induction and training of Trustees**

All new Trustees are informed of their duties and responsibilities in the Charity's 'Information for Trustees' brochure. Practical training is provided as appropriate.

• **Payments to Trustees**

It is a legal requirement for Cornerstone to employ an Agency Decision Maker to support the Panel in over the approval of families for fostering placements. This is a specialist function requiring a qualified social worker, and the role is paid by the hour. Payment is not for the Trustee role as such. Two of our Board members, Jen Frampton and Jenny Simpson, currently fulfil this role.

As stated above, it was agreed by Trustees at an extraordinary meeting on 3rd February 2022 that a Working practice review be carried out to examine issues around succession at the top of the organisation, staff morale and expansion of the organisation. This was considered to be additional to the normal duties of the Trustees, and Josh MacDonald, a relative newcomer to the Board, was commissioned to carry out this work which required shadowing the majority of staff members in their day at day work, asking a set of questions and producing a set of recommendations. It involved one day of work per week over ten weeks between February and April at £180 per day. Payments in 2021/22 for this piece of work totalled just under £1,700.

Plans for future periods

In February it was agreed that one of the Trustees would undertake a review of the overall service, this came out of an extraordinary Trustees meeting where a staffing shortage was highlighted with several staff being off long term and other staff due to take extended leave post covid. The report has now been completed with suggestions for the way forward being discussed on 27/4 /22. This is evidence of our determination and

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022

Plans for future periods (continued)

commitment to ensure that our organization is fit for purpose as we transition in size and geographical reach.

Statement of Trustees' responsibilities

The Trustees (who are also the directors of the Company for the purposes of company law) are responsible for preparing the Trustees' 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. Under company law, the Trustees 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 Company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP (FRS 102);
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) 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 Company will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the 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 Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of Information to auditors

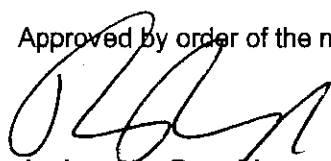
Each of the persons who are Trustees at the time when this Trustees' Report is approved has confirmed that:

- so far as that Trustee is aware, there is no relevant audit information of which the charity's auditors are unaware, and
- that Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charity's auditors are aware of that information.

Auditors

The auditors, Kinnair Associates Limited, have indicated their willingness to continue in office. The designated Trustees will propose a motion reappointing the auditors at a meeting of the Trustees.

Approved by order of the members of the board of Trustees on 14 July 2022 and signed on their behalf by:

 14/7/22
Joshua MacDonald
(Chair of Trustees)

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CORNERSTONE (NORTH EAST)
ADOPTION AND FOSTERING SERVICE

Opinion

We have audited the financial statements of Cornerstone (North East) Adoption and Fostering Service (the 'charitable company') for the year ended 31 March 2022 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2022 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 Charities Act 2011, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustees with respect to going concern are described in the relevant sections of this report.

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CORNERSTONE (NORTH EAST)
ADOPTION AND FOSTERING SERVICE (CONTINUED)

Other Information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' Report thereon. The Trustees are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. 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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities (Accounts and Reports) Regulations 2008 and the Charities Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

- the information given in the Trustees' Report is inconsistent in any material respect with the financial statements; or
- sufficient and proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the Trustees' Responsibilities Statement, the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CORNERSTONE (NORTH EAST)
ADOPTION AND FOSTERING SERVICE (CONTINUED)

Auditors' responsibilities for the audit of the financial statements

We have been appointed as auditor under section 144 of the Charities Act 2011 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- the engagement partner ensured that the engagement team had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the Charity through discussions with trustees and other management, and from our commercial knowledge and experience of the sector;
- we focussed on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the Charity, including the Companies Act 2006, the Charities Act 2011 and Charity Commission regulation, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006, Fostering National Minimum Standards and the requirements of Ofsted under which the Charity is regulated.
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- we ensured that the identified laws and regulations are communicated within the audit team regularly and the team remain alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the Charity's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by: -

- making enquiries of management as to where they considered there was susceptibility to fraud and their knowledge of actual, suspected and alleged fraud;
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:-

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in the notes to the financial statements are indicative of potential bias.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included: -

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims;
- reviewing correspondence with HMRC, relevant regulators including Ofsted and legal advisors.

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CORNERSTONE (NORTH EAST)
ADOPTION AND FOSTERING SERVICE (CONTINUED)

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

Use of our report

This report is made solely to the charitable company's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charitable company's trustees those matters we are required to state to them in an Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members, as a body, for our audit work, for this report, or for the opinions we have formed.

Kinnair Associates Ltd

Kinnair Associates Limited

Chartered Accountants

Statutory Auditors

Aston House

Redburn Road

Newcastle Upon Tyne

NE51NB

Date: 21/07/22

Kinnair Associates Limited are eligible to act as auditors in terms of section 1212 of the Companies Act 2006.

CORNERSTONE (NORTH EAST) ADOPTION AND FOSTERING SERVICE
(A Company Limited by Guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 MARCH 2022**

	Note	Unrestricted funds 2022 £	Total funds 2022 £	Total funds 2021 £
Income from:				
Donations and legacies	3	9,273	9,273	9,084
Charitable activities	4	894,908	894,908	799,219
Investments	5	592	592	1,322
Total Income		904,773	904,773	809,625
Expenditure on:				
Raising funds	6	-	-	5,853
Charitable activities	7	914,607	914,607	761,906
Total expenditure		914,607	914,607	767,759
Net movement in funds		(9,834)	(9,834)	41,866
Reconciliation of funds:				
Total funds brought forward		365,315	365,315	323,449
Net movement in funds		(9,834)	(9,834)	41,866
Total funds carried forward		355,481	355,481	365,315

The Statement of Financial Activities includes all gains and losses recognised in the year.

The notes on pages 18 to 31 form part of these financial statements.

CORNERSTONE (NORTH EAST) ADOPTION AND FOSTERING SERVICE
(A Company Limited by Guarantee)
REGISTERED NUMBER: 05663749

BALANCE SHEET
AS AT 31 MARCH 2022

	Note	2022 £	2021 £
Fixed assets			
Tangible assets	12	2,359	371
		<u>2,359</u>	<u>371</u>
Current assets			
Debtors	13	148,299	160,641
Cash at bank and in hand		243,190	220,872
		<u>391,489</u>	<u>381,513</u>
Creditors: amounts falling due within one year	14	(38,367)	(16,569)
Net current assets		<u>353,122</u>	<u>364,944</u>
Total assets less current liabilities		<u>355,481</u>	<u>365,315</u>
Net assets excluding pension asset		<u>355,481</u>	<u>365,315</u>
Total net assets		<u><u>355,481</u></u>	<u><u>365,315</u></u>
Charity funds			
Restricted funds	15	-	-
Unrestricted funds	15	355,481	365,315
Total funds		<u><u>355,481</u></u>	<u><u>365,315</u></u>

The entity was entitled to exemption from audit under section 477 of the Companies Act 2006.

The members have not required the entity to obtain an audit for the year in question in accordance with section 476 of the Companies Act 2006.

However, an audit is required in accordance with section 144 of the Charities Act 2011 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005.

The Trustees acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and preparation of financial statements.

The financial statements have been prepared in accordance with the provisions applicable to entities subject to the small companies regime.

CORNERSTONE (NORTH EAST) ADOPTION AND FOSTERING SERVICE
(A Company Limited by Guarantee)
REGISTERED NUMBER: 05663749

BALANCE SHEET (CONTINUED)
AS AT 31 MARCH 2022

The financial statements were approved and authorised for issue by the Trustees on 14 July 2022 and signed on their behalf by:



14/7/22

Joshua MacDonald
Chair of Trustees

The notes on pages 18 to 31 form part of these financial statements.

CORNERSTONE (NORTH EAST) ADOPTION AND FOSTERING SERVICE
(A Company Limited by Guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2022

	Note	2022 £	2021 £
Cash flows from operating activities			
Net cash used in operating activities	18	22,318	(62,069)
Net cash provided by investing activities		-	-
Net cash provided by financing activities		-	-
Change in cash and cash equivalents in the year		22,318	(62,069)
Cash and cash equivalents at the beginning of the year		220,872	282,941
Cash and cash equivalents at the end of the year	19	243,190	220,872

The notes on pages 18 to 31 form part of these financial statements

CORNERSTONE (NORTH EAST) ADOPTION AND FOSTERING SERVICE
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

1. General Information

Cornerstone (North East) Adoption and Fostering Service is a charitable company limited by guarantee, registered in England and Wales. The registered office is Room 2, Oxford House, Sixth Avenue, Auckley, Doncaster, DN9 3GG.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with the Charities SORP (FRS 102) - Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Cornerstone (North East) Adoption and Fostering Service meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

Cornerstone (North East) Adoption and Fostering Service is a company limited by guarantee, registered in England and does not have a share capital. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £10 per member of the charity.

The financial statements are prepared in sterling which is the functional currency of the charity and rounded to the nearest £.

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.

2.2 Going concern

The Trustees consider that Cornerstone has sufficient resources to continue in the next few years. Reserves currently stand at £129,097. This has been brought about through year on year surpluses totalling £299k between 2015/16 and 2020/21. It is anticipated that growth in staff numbers and expansion into Scotland will bring about a deficit in 2022/23, for which we have budgeted. We can afford to make a such a deficit for one year. Additional uncertainties exist around the need for the charitable company to increase its client base or to find alternative sources of income within the next 12 months if reserves are to be sustainable after this period of budgeted deficit. The strategy for bringing the charity back into surplus in subsequent years involves a combination of:

- A larger Finance team whose priorities will include pursuing arrears from local authority debtors
- Continued pursuit of grant funding from charitable organisations in Scotland to support our development north of the Border
- An enhanced marketing team, but that our marketing strategy will allow placement numbers and inter-agency payments to grow through the latter part of the year.

Therefore the Trustees are happy to adopt the going concern basis of accounting in preparing the accounts.

CORNERSTONE (NORTH EAST) ADOPTION AND FOSTERING SERVICE
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

2. Accounting policies (continued)

2.3 Tangible fixed assets and depreciation

Fixed assets costing more than £1,000 are capitalised. Tangible fixed assets are stated at cost less depreciation. Depreciation is calculated at the following annual rate which it is estimated will write off the original cost of the assets over their expected effective lives:

Computer and Other Equipment - over 3 years.

2.4 Income

All income is recognised once the Company has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Voluntary income is received by way of donations and gifts and is included in the Statement of Financial Activities when receivable.

Grants, where entitlement is not conditional on the delivery of a specific performance by the charity, are recognised when the charity becomes unconditionally entitled to the grant. Where income is received in advance of entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

The charitable company receives payroll services free of charge. A reasonable estimate of actual cost is included in the accounts as donations income and under professional fees.

Investment income is included when receivable.

2.5 Resources expended

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources.

Included within support costs are governance costs which represent those costs incurred in the governance of the charity and its assets and are primarily associated with constitutional and statutory requirements.

All expenditure is inclusive of irrecoverable VAT.

2.6 Debtors

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

CORNERSTONE (NORTH EAST) ADOPTION AND FOSTERING SERVICE
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

2. Accounting policies (continued)

2.7 Cash at bank and in hand

Cash at bank and 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.

2.8 Liabilities and provisions

Liabilities are recognised when there is an obligation at the Balance Sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably.

Liabilities are recognised at the amount that the Company anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

2.9 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.

2.10 Unrestricted funds

Unrestricted funds are donations and other incoming resources receivable or generated for the objects of the charity without further specified purpose and are available as general funds.

2.11 Designated funds

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

2.12 Restricted funds

The charity currently holds no restricted funds. Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure which meets these criteria is charged to the fund together with a fair allocation of management and support costs.

2.13 Pension costs

The charity makes employers' contributions to a defined contributions scheme. The cost of the contributions is charged to the Statement of Financial Activities in the period to which they relate.

CORNERSTONE (NORTH EAST) ADOPTION AND FOSTERING SERVICE
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

3. Income from donations and legacies

	Unrestricted funds 2022 £	Total funds 2022 £	Total funds 2021 £
Donations			
Donations - trusts, churches, individuals and donated services	6,547	6,547	6,109
Gift aid - donations including tax recoverable	2,704	2,704	2,975
Donations	22	22	-
Subtotal	<u>22</u>	<u>22</u>	<u>-</u>
	<u>9,273</u>	<u>9,273</u>	<u>9,084</u>

4. Income from charitable activities

	Unrestricted funds 2022 £	Total funds 2022 £	Total funds 2021 £
Foster and respite carer fees	852,363	852,363	685,769
Post adoption fees	29,553	29,553	32,400
Other fees and income	12,992	12,992	23,867
Grants, contracts and fees: inter-agency fees	-	-	57,183
	<u>894,908</u>	<u>894,908</u>	<u>799,219</u>

5. Investment income

	Unrestricted funds 2022 £	Total funds 2022 £	Total funds 2021 £
Bank interest receivable	<u>592</u>	<u>592</u>	<u>1,322</u>

CORNERSTONE (NORTH EAST) ADOPTION AND FOSTERING SERVICE
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

6. Expenditure on raising funds

Costs of raising voluntary income

	Total funds 2022 £	<i>Total funds 2021 £</i>
Costs of raising voluntary income - wages and salaries	-	5,853

7. Analysis of expenditure on charitable activities

Summary by fund type

	Unrestricted funds 2022 £	Total funds 2022 £	<i>Total funds 2021 £</i>
Fostering and adoption activities	914,607	914,607	761,906

8. Analysis of expenditure by activities

	Activities undertaken directly 2022 £	Support costs 2022 £	Total funds 2022 £
Fostering and adoption activities	568,173	346,435	914,608

CORNERSTONE (NORTH EAST) ADOPTION AND FOSTERING SERVICE
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

8. Analysis of expenditure by activities (continued)

	<i>Activities undertaken directly 2021 £</i>	<i>Support costs 2021 £</i>	<i>Total funds 2021 £</i>
Fostering and adoption activities	447,104	314,802	761,906

Analysis of direct costs

	2022 £	Total funds 2022 £	<i>As restated Total funds 2021 £</i>
Staff costs	98,977	98,977	98,374
Depreciation	1,551	1,551	1,438
Foster carer charges	414,738	414,738	335,239
Respite care	6,416	6,416	4,055
Therapy and supportive events	13,573	13,573	531
Foster care training	3,890	3,890	3,043
Other costs	3,578	3,578	699
Contracted social work	5,432	5,432	-
Contract and other fees	20,018	20,018	3,725
	568,173	568,173	447,104

Direct and support costs have been reanalysed this year to more accurately reflect the requirements of the Charities Statement of Recommended Practice. Comparative amounts have been amended accordingly.

CORNERSTONE (NORTH EAST) ADOPTION AND FOSTERING SERVICE
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

8. Analysis of expenditure by activities (continued)

Analysis of support costs

	Total funds 2022 £	<i>As restated Total funds 2021 £</i>
Staff costs	259,428	240,188
Insurance	6,130	5,654
Office costs	2,201	4,139
Staff training	1,637	587
Property costs	17,543	8,313
IT and phone	18,341	7,300
Travel and subsistence	23,767	12,281
Other costs	8,570	11,268
Governance	5,946	377
Legal and professional fees	2,872	24,695
	346,435	314,802

Direct and support costs have been reanalysed this year to more accurately reflect the requirements of the Charities Statement of Recommended Practice. Comparative amounts have been amended accordingly.

9. Auditors' remuneration

The auditors' remuneration within governance costs amounts to an auditor fee of £3,800 inclusive of VAT (2021 independent examiner's fees - £472), and accountants preparation fees of £760 inclusive of VAT (2021 - £328).

10. Staff costs

	2022 £	2021 £
Wages and salaries	312,712	298,655
Social security costs	22,889	22,452
Contribution to defined contribution pension schemes	22,804	23,308
	358,405	344,415

CORNERSTONE (NORTH EAST) ADOPTION AND FOSTERING SERVICE
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

10. Staff costs (continued)

The average number of persons employed by the Company during the year was as follows:

	2022	2021
	No.	No.
Charitable activities	9	9
Finance and administration	5	5
	14	14

The average headcount expressed as full-time equivalents was: 9 (2021: 9).

No employee received remuneration amounting to more than £60,000 in either year.

Key management personnel comprise the Trustees and three senior employees of the charitable company. The Trustees are not remunerated. The remuneration of the other senior employees within key management amounts to £128,198. This figure includes employers National Insurance and Employers Pension contributions.

11. Trustees' remuneration and expenses

During the year, no Trustees received any remuneration or other benefits (2021 - £NIL).

During the year, three Trustees were paid for services in respect of acting as Agency Decision Maker and in the provision of a working practice review for the charitable company in the total sum of £3,199. Further information relating to these payments is provided in the Trustees Report.

During the year ended 31 March 2022, expenses totalling £599 were reimbursed or paid directly to 2 Trustees (2021 - £248 to 2 Trustees). These are for travel expenses.

CORNERSTONE (NORTH EAST) ADOPTION AND FOSTERING SERVICE
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

12. Tangible fixed assets

	Computer equipment £
Cost	
At 1 April 2021	5,879
Additions	3,539
At 31 March 2022	<u>9,418</u>
Depreciation	
At 1 April 2021	5,508
Charge for the year	1,551
At 31 March 2022	<u>7,059</u>
Net book value	
At 31 March 2022	<u><u>2,359</u></u>
At 31 March 2021	<u><u>371</u></u>

13. Debtors

	2022 £	2021 £
Due within one year		
Trade debtors	130,424	157,406
Other debtors	2,220	595
Prepayments and accrued income	15,655	2,640
	<u><u>148,299</u></u>	<u><u>160,641</u></u>

CORNERSTONE (NORTH EAST) ADOPTION AND FOSTERING SERVICE
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

14. Creditors: Amounts falling due within one year

	2022 £	2021 £
Trade creditors	23,234	4,509
Other taxation and social security	7,033	7,339
Other creditors	1,816	1,799
Accruals and deferred income	6,284	2,922
	<u>38,367</u>	<u>16,569</u>

15. Statement of funds

Statement of funds - current year

	Balance at 1 April 2021 £	Income £	Expenditure £	Transfers in/out £	Balance at 31 March 2022 £
Unrestricted funds					
Designated funds					
Legal Fund	5,000	-	-	-	5,000
Jubilee Fund	15,015	4,263	(750)	-	18,528
Future losses fund	-	-	-	200,000	200,000
	<u>20,015</u>	<u>4,263</u>	<u>(750)</u>	<u>200,000</u>	<u>223,528</u>
General funds					
General funds	345,300	900,510	(913,857)	(200,000)	131,953
Total Unrestricted funds	<u>365,315</u>	<u>904,773</u>	<u>(914,607)</u>	<u>-</u>	<u>355,481</u>

Designated Funds

The Legal Fund contains monies designated by the Trustees for use in a legal matter. No monies have been expended from this fund in the year.

The Jubilee Fund represents funds set aside by the Trustees in 2021 to provide support adults formerly in the care of Cornerstone who have come of age and who have one-off financial needs. One grant totalling £750 was made during the year.

The Future losses fund represents monies put aside by the Trustees to cover a forecast loss-making period as the charity re-organises and moves into new enterprises.

CORNERSTONE (NORTH EAST) ADOPTION AND FOSTERING SERVICE
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

15. Statement of funds (continued)

Statement of funds - prior year

	<i>Balance at 1 April 2020 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Balance at 31 March 2021 £</i>
Unrestricted funds				
Designated funds				
Legal Fund	5,000	-	-	5,000
Jubilee Fund	-	15,015	-	15,015
	<u>5,000</u>	<u>15,015</u>	<u>-</u>	<u>20,015</u>
General funds				
General Funds	318,449	794,610	(767,759)	345,300
Total Unrestricted funds	<u>323,449</u>	<u>809,625</u>	<u>(767,759)</u>	<u>365,315</u>

16. Summary of funds

Summary of funds - current year

	<i>Balance at 1 April 2021 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Transfers In/out £</i>	<i>Balance at 31 March 2022 £</i>
Designated funds	20,015	4,263	(750)	200,000	223,528
General funds	345,300	900,510	(913,857)	(200,000)	131,953
	<u>365,315</u>	<u>904,773</u>	<u>(914,607)</u>	<u>-</u>	<u>355,481</u>

CORNERSTONE (NORTH EAST) ADOPTION AND FOSTERING SERVICE
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

16. Summary of funds (continued)

Summary of funds - prior year

	<i>Balance at 1 April 2020</i>	<i>Income</i>	<i>Expenditure</i>	<i>Balance at 31 March 2021</i>
	£	£	£	£
Designated funds	5,000	15,015	-	20,015
General funds	318,449	794,610	(767,759)	345,300
	<u>323,449</u>	<u>809,625</u>	<u>(767,759)</u>	<u>365,315</u>

17. Analysis of net assets between funds

Analysis of net assets between funds - current year

	<i>Unrestricted funds 2022</i>	<i>Total funds 2022</i>
	£	£
Tangible fixed assets	2,359	2,359
Current assets	391,489	391,489
Creditors due within one year	(38,367)	(38,367)
Total	<u>355,481</u>	<u>355,481</u>

Analysis of net assets between funds - prior year

	<i>Unrestricted funds 2021</i>	<i>Total funds 2021</i>
	£	£
Tangible fixed assets	371	371
Current assets	381,513	381,513
Creditors due within one year	(16,569)	(16,569)
Total	<u>365,315</u>	<u>365,315</u>

CORNERSTONE (NORTH EAST) ADOPTION AND FOSTERING SERVICE
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

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

	2022 £	2021 £
Net income/expenditure for the year (as per Statement of Financial Activities)	(9,834)	41,866
Adjustments for:		
Depreciation charges	1,551	1,438
Decrease/(increase) in debtors	12,342	(103,767)
Increase/(decrease) in creditors	21,798	(1,606)
Purchase of fixed assets	(3,539)	-
Net cash provided by/(used in) operating activities	22,318	(62,069)

19. Analysis of cash and cash equivalents

	2022 £	2021 £
Cash in hand	243,190	220,872
Total cash and cash equivalents	243,190	220,872

20. Analysis of changes in net debt

	At 1 April 2021 £	Cash flows £	At 31 March 2022 £
Cash at bank and in hand	220,872	22,318	243,190
	220,872	22,318	243,190

CORNERSTONE (NORTH EAST) ADOPTION AND FOSTERING SERVICE
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

21. Pension commitments

The charity operated a defined contribution pension scheme. The pension cost charge of £22,804 (2021: £23,308) represents contributions payable by the charity to a pension fund for the year.

22. Related party transactions

The charity transacts with one related party, PACT North East, which is related through Cornerstone's CEO who is a Trustee of PACT North East. Cornerstone has made sales of £12,952 in the year to PACT North East and £1,976 was outstanding from that charity at the year end.

In addition to this transaction, the charity has purchased £3,199 of services from its Trustees, further details of which are provided in note 11. There are no amounts outstanding to these Trustees at the year end.

