

St Cuthbert's Care
(A company limited by guarantee)
Annual Report
for the year ended 31 March 2021

Registered Number 1645917

Registered Charity Number 512912

St Cuthbert's Care

Annual Report

for the year ended 31 March 2021

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Directors and Advisors for the year ended 31 March 2021

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) (Chairman)
Mr J Devine	(resigned 28 October 2020)
Mr M Dickson	
Mr N Gilbert	
Mrs A Johnson	
Dr J Kelliher	(resigned 30 April 2020)
Dr K Mannix	
Mr P Moran	
Mrs K Urwin	

Company secretary and registered office

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

Independent Auditors

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

Solicitors

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

Bankers

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

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Strategic report for the year ended 31 March 2021

The Directors present their strategic report for the year ended 31 March 2021.

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 for 2020-2025, 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 community work and its two day-resources for people with disabilities are not regulated areas of work.

The Charity's regulated services, independently rated, 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. Testimonies received over this past year can be accessed from the Charity's Annual Review, its websites and its social media pages.

The Charity faced unprecedented challenges this year and responded swiftly to every concern. This swift decision-making undoubtedly accounted for the Charity's ability to ensure services remained safe. The Charity adapted its plans in every area of its work to manage the challenges posed by the Covid-19 pandemic. Inevitably, most of the Charity's strategic plans were put on hold to enable the Charity's senior management team to focus on keeping its employees and those that it cares for safe.

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Being a regulated provider of frontline care, the Charity had a responsibility to ensure all residential services remained open. The Charity temporarily closed its non-regulated day services and short break respite service. It also permanently closed one of its children's homes and transferred the remaining child to another of its homes. These actions helped to minimise the risk of transmission of Covid between the people using these services and enabled the staff working in them to be re-deployed to strengthen the staff teams in our residential services. The Charity also secured PPE at an early stage and suffered no shortages and encouraged all staff to isolate at any signs of infection. The staff teams were paid in full for isolating, and although this impacted slightly on our financial position, this stance encouraged transparency and ultimately, allayed fears and kept all safe.

The Charity's significant achievements this year include:

- Swiftly and continually, adapting working practices and processes to ensure employees, residents and services users remained safe: practices were flexed throughout the year to ensure effective contact with residents and service users' families, either virtually or in person using our Covid secure visiting rooms and pods. Office-based staff were supported to work remotely and the Charity operated with full and adequate PPE at all times and managed to source its own lateral flow tests in late November 2020 in advance of the supplies becoming available to the Charity in January 2021.
- St Catherine's Nursing home in Newcastle remaining entirely free of the virus throughout. We have subsequently been approached to participate in programmes and pilot schemes, including a short safeguarding film, to analyse and to highlight the excellent practice undertaken by the home's teams during this difficult time.
- Digital advancement in every area of the Charity. This had been part of the Charity's strategic vision within its Five Year Plan, and the pandemic forced this area to the top of our agenda. The Charity had already embarked upon a programme of online training but this aspect has now become fully integrated into our working practices, bringing a more cost-effective and streamlined approach to our training.
- Remaining an accredited Living Wage Employer. Our Charity is still one of only a few charities operating in the adult care sector in the North East to be so. This achievement is made all the greater with the backdrop of the pandemic and the underfunding of the social care sector as a whole. This objective will always be at the heart of our Charity's culture.
- The internal development of a dedicated specialist dementia area at St Catherine's, led by our Dementia Lead, Dr Ruth Cromarty. This area will help to improve the care and support of people with dementia throughout their daily activities.

Financial review

The Statement of Financial Activities for the year is set out on page 14 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 1.86%. This reflects the increase in fostering placements during the year and grants received for the additional costs of working related to Covid. Funding for the social care sector remains constrained and limits our scope to increase fees.

The Charity's total income this year is £9,802,918 (2020: £9,815,603), a decrease of £12,685. The decrease reflects the decrease in income from fundraising activities due to the Covid pandemic.

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Fundraising

Donated income was down due to reduced receipts from schools and parishes in the Diocese as a result of the restrictions on attendance and fundraising activities during the pandemic. 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 £213,328 during the year (2020: £302,834) due to remarkable efforts by Alan Shearer. Alan Shearer kindly donated the boots and shirt that he wore when he scored his 250th Premier League goal. The Alan Shearer Foundation mobilised to arrange an online prize draw which raised £127,940. The Directors sincerely thank patrons, Lainya and Alan Shearer, along with their incredibly supportive family, 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 is registered with the Fundraising Regulator and follows their Code of Fundraising Practice. The Charity does not participate in any fundraising that may be considered aggressive or intrusive and has received no complaints during the year in connection with its fundraising.

Cashflow

At the beginning of the pandemic the charity took action to preserve cash by reducing non-essential capital expenditure and deferring new developments. This action, despite the challenging year, resulted in the Charity generating £665,951 in cash during the year and strengthened its cash balance to £2,465,789. This places the Charity in a better position to manage the financial challenges created by the Covid-19 pandemic until the occupancy levels in the Charity's services return to their pre-pandemic levels.

Resources expended

Total expenditure this year decreased by 0.77% to £9,666,486 (2020: £9,741,513). This reflects the reduction in charitable expenditure due to the temporary closure of services during the pandemic and a continued focus on controlling costs and efficiencies given the 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 294 (2020: 297) full and part-time employees delivering care and support. The restrictions of the Covid pandemic prevented many of our volunteers from being able to work 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. As restrictions ease we will welcome back our volunteers and recommence efforts to recruit new volunteers throughout the Charity. We especially thank all of our staff and volunteers for their ongoing dedication and commitment during the Covid-19 pandemic.

Our staff have been the lifeblood during the pandemic and have gone over and above in keeping the people we care for safe. For this reason, the Trustees have approved one additional week's paid leave (pro-rata), for the year 2021 / 2022, to all staff.

There is no doubt that our staff teams have endured the most difficult year in our Charity's history. The demands have been real and as a responsible employer, we appreciate the demands on mental health too. We have always provided a free confidential counselling service for our teams and this benefit continues to be available to all.

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These actions evidence the Charity's commitment to its staff teams and very much reflect the Charity's culture in valuing and respecting every individual.

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 historical wider nature of the social care 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. The Charity's training was conducted predominantly online this year and this will continue in areas where it remains beneficial.

Plans for future periods

The Directors consider that in the short term the Charity will need to focus on its continued management of the challenges posed by the pandemic. The Chief Executive and the senior management team are focusing upon the implementation of a narrower set of objectives from the Charity's Five Year Plan for 2020 to 2025. Broadly, this will cover:

- Phased re-opening of the closed services
- Expansion of the charity's disabled services for people with an acquired brain injury
- Restructure and modernisation of Fostering North East with a result of substantially increased income streams
- Continued focus on staff development and to recruit and retain the highest calibre of employee to ensure excellent delivery of care
- Continued focus on digitisation to maximise efficiencies
- Revisiting the Charity's environmental strategy to ensure these aspects become embedded within the Charity's day to day culture

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 short to medium term.

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Secondly, the Charity must operate with high occupancy levels. 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. Due to the pandemic, occupancy levels, particularly in our two nursing homes, dropped to a level never previously experienced by the Charity. These are now increasing but the Directors believe it may take a year before beds are filled again back to the levels enjoyed pre-pandemic.

The reputation for delivering high quality care places the Charity at the forefront of excellent care delivery within the region amongst the placing authorities. The Charity also undertakes robust fee negotiations for every single service. In addition, being a Living Wage Employer enables the Charity to attract high calibre and committed teams, offering stability in a sector where recruitment is notoriously difficult. Together, these actions, supported by a strong culture of transparency and prudent stewardship, have allowed the Charity to manage this sector-wide issue of underfunding.

Covid-19 Pandemic

During the year the Charity's senior management focused on managing and mitigating the impact of the Covid-19 pandemic on the Charity's operations. The receipt of Government grants towards the additional costs being incurred reduced the financial impact and enabled senior management to focus on measures to protect its employees and the people it supports.

The Charity's primary purpose is to deliver frontline registered care. At the start of the pandemic the Charity chose to temporarily close four of its services to reduce the risks of transmission of the virus in non-residential day and short break services and to re-deploy the staff teams. The redeployment of these teams has been integral to ensure stability to the Charity's residential services, strengthening the existing teams, allowing staff to isolate when necessary, and ensuring adequate staffing levels at all times. The services that remained open adapted service provision, maintained social distancing where practical and communicated virtually where possible. These actions ensured the services operated safely. This immediate action allowed the charity's remaining services to manage without use of agency staff when charity staff had to self-isolate. During a pandemic, non-use of agency staff was and still is a key control in keeping services free of the virus. In turn, remaining safe allowed the charity to continue to accept new referrals in some services. This contingent strategy worked well, with minimal disruption.

Of the four services that were closed: two were partially opened during the year to provide support to the people that use them, one remained closed and the other was permanently closed. Through a combination of re-deployment of staff, continued funding and Government grants there has been minimal financial impact on the Charity of temporarily closing these services during the peak of the pandemic.

The combination of prompt action to manage the impact of the pandemic on the Charity's services and receipt of funding to help meet some of the additional costs being incurred to protect the Charity's employees all contributed to the Charity returning a surplus for the year. The charity's cautious forecasts for the coming year indicate that whilst the pandemic pressures might be easing in the general population, there is likely to be a lag before referrals and occupancy levels in the Charity's nursing homes return to their pre-pandemic levels. However, at worst, the Charity maintains a healthy cash reserve and would be able to continue to pay its debts as they fall due beyond 12 months from signing this report.

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The Directors having reviewed the measures implemented during the year do not consider that the pandemic has had a significant detrimental impact on the Charity; outside of the pandemic, effective infection control and keeping people safe are integral parts of the Charity's core work.

The Charity's work is the provision of essential care services commissioned by local authorities and there remains an interest and demand for the Charity's services with an increase in referrals as the Covid-19 restrictions have been eased. The Charity's excellent reputation with commissioning authorities adds further comfort. Nonetheless, the Directors expect this coming financial year to be challenging as Government support is reduced but many of the additional costs remain. They are however confident that through effective management backed up by a healthy cash reserve the Charity will manage the challenges ahead.

The Directors have reviewed and assessed the financial performance for the first quarter of 2021/2022, in which a small unrestricted operating surplus has been achieved in line with expectations and cash generated from operations of £50,000. The Directors have prepared forecast cash flow information for the period to July 2022. These forecasts also take into account plausible cash flow downside sensitivities. The Directors maintain continued confidence that the Charity's care services will continue to be in demand and therefore 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.

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

On behalf of the Board



Rt Rev Robert Byrne
Chairman

28 July 2021

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Directors' report for the year ended 31 March 2021

The Directors present their report and the audited financial statements for the year ended 31 March 2021.

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	Moira Ashman
Director of Finance & IT	Nic Gilbert
Director of Care	Amanda Head
Director of Children's Services	Jody Scott
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 will be reinstated this year and arranged for the Directors so they can meet the Charity's beneficiaries and employees. This maximises informed decision making.

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Financial review

The Statement of Financial Activities for the year is set out on page 14 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 Dr J Kelliher and Mr J Devine for their contribution to the charity during their term in office as directors.

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 £136,432 (2020: £74,090) 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
- observe the methods and principles in the Charities' SORP

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- 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

28 July 2021

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

Report on the audit of the financial statements

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 2021 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: the Balance Sheet as at 31 March 2021; the Statement of financial activities (incorporating an income and expenditure statement), the Reconciliation of funds, and the 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

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 the date on which the financial statements are authorised for issue.

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.

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

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

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 trustees 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.

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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 our work undertaken in the course of the audit, the Companies Act 2006 require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Annual Report

In our opinion, based on the work undertaken in the course of the audit the information given in the Directors' Annual Report, 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 trustees for the financial statements

As explained more fully in the Statement of directors' responsibilities, the trustees (who are also directors of the charitable company for the purposes of company law) 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 trustees 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 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.

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.

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.

Based on our understanding of the group and/charitable company/industry, we identified that the principal risks of non-compliance with laws and regulations related to non-compliance with the requirements of the Care Quality Commission (CQC), the Office for Standards in Education (Ofsted), and the Charities Act 2011, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006.

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We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting manual journal entries to manipulate financial performance and management bias in determining accounting estimates. Audit procedures performed included:

- Testing a sample of journal entries selected on a risk basis for appropriateness and obtaining supporting evidence for the significant assumptions and judgements made by management;
- Enquiry of management and those charged with governance around potential litigation and claims; and
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

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

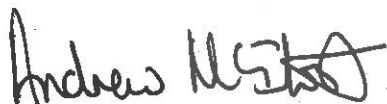
Other required reporting

Companies Act 2006 exception reporting

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

- we have not obtained 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 trustees' 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.



Andrew McIntosh (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Newcastle
28 July 2021

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Statement of financial activities (incorporating an Income and Expenditure Account) for the year ended 31 March 2021

	Note	Unrestricted funds	Restricted funds	2021 Total	2020 Total
		£	£	£	£
Income					
<i>Income from charitable activities:</i>					
Care for children		2,191,905	-	2,191,905	2,145,950
Care for people with disabilities		2,455,899	-	2,455,899	2,802,420
Care for older people		3,455,499	-	3,455,499	3,376,750
Grants receivable		281,213	-	281,213	5,105
Fostering & social work		1,020,212	-	1,020,212	903,154
<i>Income from donations, legacies and other trading activity</i>					
Donations		79,124	85,388	164,512	234,678
Legacies		51,500	-	51,500	35,473
Other trading activities		49,327	127,940	177,267	304,503
Investment income		3,138	1,773	4,911	7,570
Other income		-	-	-	-
Total income		9,587,817	215,101	9,802,918	9,815,603
Expenditure					
Expenditure on charitable activities	1	9,438,407	197,852	9,636,259	9,628,861
<i>Expenditure on raising funds</i>					
Donations and legacies	2	5,074	-	5,074	14,947
Other trading activities	2	7,183	17,970	25,153	97,705
Total expenditure		9,450,664	215,822	9,666,486	9,741,513
Net income for the year	6	137,153	(721)	136,432	74,090

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 2021

	Unrestricted funds £	Restricted funds £	Total 2021 £	Total 2020 £
Fund balances at 1 April	6,356,902	526,356	6,883,258	6,809,168
Net income for the year	137,153	(721)	136,432	74,090
Fund balances at 31 March	6,494,055	525,635	7,019,690	6,883,258

St Cuthbert's Care

Balance sheet as at 31 March 2021

Company registration number: 1645917

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	8	5,180,414	5,485,479
Total fixed assets		5,180,414	5,485,479
Current assets			
Debtors	9	618,625	620,830
Cash at bank and in hand		2,465,789	1,799,838
Total current assets		3,084,414	2,420,668
Creditors: amounts falling due within one year	10	(860,925)	(611,401)
Net current assets		2,223,489	1,809,267
Total assets less current liabilities		7,403,903	7,294,746
Creditors: amounts falling due after more than one year	11	(300,000)	(325,000)
Provisions for liabilities and charges	12	(84,213)	(86,488)
Net assets		7,019,690	6,883,258
The funds of the Charity			
Unrestricted funds			
General funds	17	750,000	750,000
Designated funds: Charity assets fund	17	5,744,055	5,606,902
		6,494,055	6,356,902
Restricted funds	17	525,635	526,356
Total funds	17	7,019,690	6,883,258

The financial statements on pages 14 to 30 were approved by the Board of Directors on 28 July 2021 and were signed on its behalf by:



Rt Rev Robert Byrne
Chairman

St Cuthbert's Care

Statement of Cash Flows as at 31 March 2021

	Note	2021 £	2020 £
Cash flows from operating activities			
Net cash provided by operating activities	14	670,468	454,699
Cash flows from investing activities			
Interest received		4,911	7,570
Purchase of tangible fixed assets		(9,428)	(72,359)
Net cash provided by investing activities		(4,517)	(64,789)
Cash flows from financing activities			
Net cash used in financing activities		-	-
Change in cash and cash equivalents in the reporting period	15	665,951	389,910
Cash and cash equivalents at the beginning of the reporting period		1,799,838	1,409,928
Cash and cash equivalents at the end of the reporting period		2,465,789	1,799,838

St Cuthbert's Care

Accounting policies

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

Basis of preparation

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

Preparation of the Financial Statements on a going concern basis

In the year ended 31 March 2021 the charity recorded a surplus for the year of £136,432 and generated cash from operating activities of £670,468 leading to a year end cash position of £2,465,789 with no borrowings.

The Covid-19 pandemic has not had a material impact on the charity during the year to 31 March 2021. The costs that had initially been incurred in relation to personal protective equipment (PPE) have reduced as the Government agreed to provide free PPE to the social care sector up to 31 March 2022. In addition the Charity has received Government grants towards other additional costs being incurred which reduced the financial impact and enabled the senior management to focus on measures to protect its employees and the people it supports.

The charity's cautious forecasts for the coming year indicate that whilst the pandemic pressures might be easing in the general population there is likely to be a lag before referrals and occupancy levels in the charity's nursing homes return to their pre-pandemic levels. However, at worst, the charity would maintain a healthy cash reserve and would be able to continue to pay its debts as they fall due beyond 12 months from signing this report.

The charity's work is the provision of essential care services commissioned by local authorities and there remains a strong interest and demand for the charity's services with an increase in referrals as the Covid-19 restrictions have been eased. The charity's excellent reputation with commissioning authorities add further comfort. Nonetheless, the Directors expect this coming financial year to be more challenging as Government support is reduced but many of the additional costs remain. They are however confident that through effective management backed up by a healthy cash reserve the Charity will manage the challenges ahead. At the time of writing financial support had been confirmed for the first six months of the year.

The Directors have reviewed and assessed the financial performance for the first quarter of 2021/2022, in which a small unrestricted operating surplus has been achieved in line with expectations and cash generated from operations of £50,000. The Directors have prepared forecast cash flow information for the period to July 2022, these forecasts also take into account plausible cash flow downside sensitivities and this along with their continued confidence that the Charity's care services will continue to be in demand and therefore 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.

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.

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.

Critical accounting estimates and areas of judgement

Preparation of the financial statements requires management to make estimates and judgements. These are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

There were no estimates or judgements made during the year which had a material impact on the results reported in the financial statements.

St Cuthbert's Care

Notes to the financial statements for the year ended 31 March 2021

1 Expenditure on charitable activities

	Direct costs £	Support costs £	2021 £	2020 £
Care for people with disabilities	2,352,989	229,564	2,582,553	3,085,638
Care for older people	3,972,883	365,485	4,338,368	3,873,936
Care for children, fostering & social work	2,527,349	187,989	2,715,338	2,669,287
	8,853,221	783,038	9,636,259	9,628,861

The decrease in expenditure on care for people with disabilities reflects the temporary closure of three services and there is a commensurate decrease in income for this client group. The increase in expenditure on care for older people mainly reflects the costs associated with the additional measures to keep the residents and employees in these services safe and which have been partially funded by the increase in grant income from Government during the year.

2 Expenditure on raising funds

	Direct costs £	Support costs £	2021 £	2020 £
Voluntary income, donations & legacies	4,540	534	5,074	14,947
Activities for generating funds	22,671	2,482	25,153	97,705
	27,211	3,016	30,227	112,652

3 Support costs

Support costs, including governance costs of £31,519 (2020: £22,963), not directly attributable to projects have been allocated on the basis of employee costs and are analysed below:

	Employee costs £	Depreciation £	Other costs £	Total 2021 £	Total 2020 £
Charitable activities	546,247	19,263	217,528	783,038	839,187
Raising funds	2,104	74	838	3,016	4,398
	548,351	19,337	218,366	786,054	843,585

St Cuthbert's Care

4 Employee costs

	2021 £	2020 £
Employee costs:		
Wages and salaries	6,353,730	6,666,815
Social security costs	525,812	522,616
Pension costs	144,665	139,860
	7,024,207	7,329,291

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

The company maintains insurance for its employees in respect of their duties as employees as part of its overall insurance policy. 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 & IT, the Director of Care, the Director of Compliance, Director of Children's Services & the Director of HR. The total employee benefits of the key management personnel of the Charity were £350,783 (2020: £291,165). The role of Director of Children's Services was created during the year to further strengthen the charity's management team.

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

	2021 Number	2021 Full-Time Equivalent	2020 Number	2020 Full-Time Equivalent
Charitable activities	292	234	295	244
Expenditure on raising funds	2	2	2	2
	294	236	297	246

St Cuthbert's Care

5 Directors' emoluments

	2021 £	2020 £
Aggregate emoluments and fees	145,000	145,000

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 (2020: £7,250). Directors received no reimbursement of travel expenses in the year (2020: £Nil).

Other than as noted above, no director was entitled to nor received any remuneration for their services (2020: £Nil) or were accruing benefits under the pension schemes (2020: £Nil) or received reimbursement of their expenses (2020: £Nil).

6 Net income for the year

Net income for the year is stated after charging:	2021 £	2020 £
Depreciation charge for the year	224,558	237,201
Impairment of furniture, equipment and plant	89,935	-
Auditors' remuneration for audit services	26,200	17,400
Operating lease rentals for land and buildings	16,369	16,386

During the year the decision was taken to permanently close 182 Wingrove Road as a children's home and a review of the net realisable value of this asset resulted in an impairment charge of £89,935 in the year relating to building modifications and plant specific to its use as a children's home.

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	Total
	£	£	£	£
Cost				
At 1 April 2020	6,296,922	2,490,555	73,656	8,861,133
Additions	-	9,428	-	9,428
Disposals	-	-	-	-
At 31 March 2021	6,296,922	2,499,983	73,656	8,870,561
Accumulated Depreciation				
At 1 April 2020	1,828,289	1,478,357	69,008	3,375,654
Charge for the year	155,270	67,143	2,145	224,558
Impairment	-	89,935	-	89,935
Eliminated in respect of disposals	-	-	-	-
At 31 March 2021	1,983,559	1,635,435	71,153	3,690,147
Net book value				
At 31 March 2021	4,313,363	864,548	2,503	5,180,414
At 31 March 2020	4,468,632	1,012,199	4,648	5,485,479

9 Debtors

	2021 £	2020 £
Trade debtors	400,224	401,053
Other debtors	1,580	865
Prepayments and accrued income	216,821	218,912
	618,625	620,830

St Cuthbert's Care

10 Creditors: amounts falling due within one year

	2021 £	2020 £
Trade creditors	104,384	149,424
Other creditors	16,803	10,553
Taxation and social security	156,766	148,720
Accruals and deferred income	582,972	302,704
	860,925	611,401

11 Creditors: amounts falling due after more than one year

	2021 £	2020 £
Deferred income	300,000	325,000
	300,000	325,000

The Directors expect the deferred income to be released to the Statement of Financial Activities over the next 13 years.

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 2020	86,488
Established during the year	12,707
Utilised during the year	(14,982)
At 31 March 2021	84,213

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 10 years.

The provision is anticipated to fall due as follows:

	2021 £	2020 £
In less than one year	14,808	18,912
Between one and two years	15,253	19,479
Between two and five years	43,087	40,729
In more than five years	11,065	7,368
	84,213	86,488

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

	2021 £	2020 £
Net income	136,432	74,090
Depreciation on tangible fixed assets	224,558	237,201
Impairment on tangible fixed assets	89,935	-
Deferred income	(25,000)	(25,000)
Decrease in provisions	(2,275)	(2,717)
Decrease in debtors	2,205	159,156
Increase in creditors	249,524	19,539
Interest received	(4,911)	(7,570)
Net cash provided by operating activities	670,468	454,699

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

	2021 £	2020 £
Change in cash and cash equivalents in the reporting period	665,951	389,910
Movement in net funds for the year	665,951	389,910
Net funds at 1 April 2020	1,799,838	1,409,928
Net funds at 31 March 2021	2,465,789	1,799,838

St Cuthbert's Care

16 Analysis of net cash resources

	1 April 2020 £	Cash flow £	31 March 2021 £
Cash at bank and in hand	1,799,838	665,951	2,465,789
Net funds	1,799,838	665,951	2,465,789

17 Statement of funds

	At 1 April 2020 £	Income £	Expenditure £	Transfers £	At 31 March 2021 £
General funds	750,000	9,587,817	(9,450,664)	(137,153)	750,000
Designated funds					
Charity assets fund	5,606,902	-	-	137,153	5,744,055
Total unrestricted funds	6,356,902	9,587,817	(9,450,664)	-	6,494,055
Restricted funds:					
Total restricted funds	526,356	215,101	(215,822)	-	525,635
Total funds	6,883,258	9,802,918	(9,666,486)	-	7,019,690

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 2021 are represented by:				
Fixed assets	-	5,180,414	-	5,180,414
Current assets	525,635	897,854	1,660,925	3,084,414
Current liabilities	-	-	(860,925)	(860,925)
Long term liabilities and provisions	-	(334,213)	(50,000)	(384,213)
	525,635	5,744,055	750,000	7,019,690

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 £88,688 (2020: £108,923) 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 2021 £14,029 (2020: £13,762) remained outstanding and is included in debtors.