Company registration number 04065947
Charity numbers: 1146800 (England and Wales) and SC043471

# SETON CARE

## (A Company Limited by Guarantee)

## TRUSTEES' REPORT AND FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 MARCH 2017

**SETON CARE**

**(A Company Limited by Guarantee)**

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# REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, ITS TRUSTEES AND ADVISERS FOR THE YEAR ENDED 31 MARCH 2017

**Trustees**

F Kelly, Chair
J Evans (resigned 31 March 2017)
T Jones
A Homer
K Payne (resigned 31 March 2017)
A Watson (resigned 1 July 2017)
J Bain, Secretary

**Company registered number**

04065947

**Charity registered numbers**

1146800 (England and Wales) and SC043471

**Registered office**

10 Queen Street Place, London, EC4R 1BE

**Independent auditors**

Chiene + Tait LLP, 61 Dublin Street, Edinburgh, EH3 6NL

**Bankers**

The Royal Bank of Scotland, Duns Branch, 12 Market Square, Duns, TD11 3DA

**Solicitors**

Bates Wells and Braithwaite, 10 Queen Street Place, London, EC4R 1BE

## TRUSTEES' REPORT
## FOR THE YEAR ENDED 31 MARCH 2017

The Trustees (who are also directors of the charity for the purposes of the Companies Act) present their annual report together with the audited financial statements of Seton Care (the charity) for the year ended 31 March 2017. The Trustees confirm that the Annual Report and financial statements of the charity comply with the current statutory requirements, the requirements of the charity'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 (FRS 102).

Since the charity qualifies as small under section 383, the strategic report required of medium and large companies under the Companies Act 2006 (Strategic Report and Director's Report) Regulations 2013 is not required.

### OBJECTIVES AND ACTIVITIES

**Chair's Report**

As noted in last years report, Berwickshire Housing Association was required to be registered by The Care Inspectorate, as a new service provider before the Little Reivers nursery and the tenancy support services at Sheltered Housing could be transferred to it. The Befriending project was transferred to BHA from the start of the year but the other two services operated in Seton Care until the end of the year when the staff and services were transferred.

The board believes that overheads can be minimised in providing these services by benefitting from economies of scale of being part of Berwickshire Housing Association.

The following narrative describes the core business of Seton Care during 2016/17 but should be read in the context of decisions made and actions taken and as reported above.

**Policies and Objectives**

In setting objectives and planning for activities, the Trustees have given due consideration to general guidance published by the charity commission relating to public benefit and also to its supplementary public benefit guidance where relevant.

The purposes of the charity are:

- to provide relief of those in need by reason of age, ill-health, disability, financial hardship or other disadvantage including without limitation by the provision, construction, improvement and management of land, accommodation and the provision of care;
- to advance education for the public benefit including without limitation through the provision of nursery care and after school clubs: and
- to further any other purpose regarded as charitable under the Laws of England, Wales and Scotland.

**Strategies for Achieving Objectives**

The current strategies employed to achieve the charity's aims and objectives are to:

- provide high quality but affordable services to people in our communities
- to support elderly residents to remain in their homes and to maintain their tenancies
- to provide both a day nursery for young children and after school club for school children
- to promote inclusion and celebrate the diversity of cultures in our society by making our services accessible by all and welcoming of all

Putting these strategies into action we have two major areas of activity which are: day nursery in Duns, sheltered housing supporting people service.

**Activities for Achieving Objectives**

The main activities for Seton Care in 2016/17 were:

- to run a day nursery in Duns
- to run three sheltered housing schemes in Duns, Eyemouth and Coldstream

The vision that shapes our annual activities remains the promotion and fostering of strong communities by providing vital services that are valued by the communities in which we operate and which might otherwise not be available to them.

The charity also has the general aim of contributing to the quality of life of the people in our communities and we endeavour to encourage all within our community to make use of our service offerings. All of our activities undertaken are to further the charity's purpose for providing public benefit.

**Main Activities Undertaken to Further the Charity's Purposes for Public Benefit**

Day Nursey in Duns - Circa 80 children per week use the day nursery and there is an active after school club.

Sheltered Housing Services - Provides support to 83 tenancies at present across three schemes, one each in Duns, Eyemouth and Coldstream.

Projects - The Befriending Scheme moved to Berwickshire Housing as of 1 April 2016. The Open Doors employability project is likely to be run in the future by a partner organisation that we have worked closely with in the past.

**Volunteers**

Generally, our services are run by paid employees with the exception of the Board of Trustees who are not remunerated.

## ACHIEVEMENTS AND PERFORMANCE

**Review of Activities**

Seton Care provided a valuable service to elderly people in sheltered housing and provided a Nursery service to young and school aged children in the Duns area.

Although we have managed to reduce governance costs further, as noted last year, there is a limit to what is achievable in a stand-alone charity.

Community Services made a smaller contribution to overheads as it is again a much reduced service with only 44% of the turnover of the previous financial year. This is an area with low margins and staff costs need to be managed carefully to ensure that services remain viable.

**Review of Activities (continued)**

Little Reivers made a contribution to overheads of £8,901 in 2016/17.

Sheltered Housing Services at Linkim Court almost covered its direct costs.

## PLANS FOR FUTURE PERIODS

**Future Developments/post balance sheet events**

Seton Care operated in the 2016/17 financial year as a much smaller charity than before, providing limited services. The BHA group believes that the size of Seton Care no longer merits a separate charity, given that the holding company is itself a charity and the remaining services fit well with its objectives and aims. In accordance with its 2016 Seton Care Business Plan, Seton Care transferred its remaining services over to Berwickshire Housing Association to operate in 2017/18. Seton Care will be dissolved in terms of its governing documents.

## FINANCIAL REVIEW

### Reserves Policy

Free reserves decreased by £46,341 for the year to 31 March 2017 to £238,632 (2016: £284,973) reflecting the operational loss. The charity has no restricted reserves.

### Deficit

Seton Care recorded a deficit for the year of £46,341 (2016 - deficit of £358,385) on total income of £284,631 (2016 - £863,481). Income from charitable activities, compared to 2016, is detailed in note 5 of the accounts.

There has been a significant reduction in the value of the Supporting People contract due to Scottish Borders Council renegotiating the contract.

### Investment Policy and Performance

Seton Care has significant cash balances. These are invested in accordance with BHA's Treasury Management policy, which is subject to regular review. The purpose of Seton Care's financial investment is to yield the best financial return within the level of risk considered to be acceptable, so that this return can then be spent on the charity's aims. Seton Care has a relatively risk averse investment strategy where the emphasis is firstly maintaining the capital investment and secondly on the returns earned.

### Pricing Policy

Seton Care operates by charging rates for the use of its services so as to make them sustainable.

### Principal Funding

Nursery services are funded by the users of the service and this service needs to be of good quality but also affordable to people in the area.

Community Services are funded by the local Council and/or by direct payment by the users of the service. Similar to other services, the income needs to be sufficient to allow for a good enough quality service to be provided.

### Pension

A small number of Seton Care employees and former employees were members of the final salary defined benefit pension scheme known as SHAPS. The scheme assets are insufficient to meet the scheme liabilities and past service pension deficit payments are being made. Formal actuarial valuations are carried out every 3 years and the most recent valuation was as at 30 September 2015. This showed that the position of the Scheme improved over the last three years to 30 September 2015.

Seton Care's membership of SHAPS is by virtue of BHA being its holding company. As such, BHA will assume any ongoing commitments.

## STRUCTURE, GOVERNANCE AND MANAGEMENT

### Constitution

Seton Care is a charitable company limited by guarantee. Seton Care is registered as a charity in Scotland, England and Wales. It was established under a Memorandum of Association, which established the objects and powers of the charitable company and is governed under its Articles of Association. The charity's sole member is Berwickshire Housing Association ("the Member"). Only the Member has the power to admit other members. The Member has agreed to contribute £ 1 in the event of the charity winding up.

### Method of Appointment or Election of Trustees

Seton Care is required to have at least two Trustees. Any person who is willing to act as a Trustee, and who would not be disqualified from acting under the provisions of Article Disqualification and Removal of Trustees, may be appointed to be a Trustee by the Member serving written notice on the Charity.

### Policies Adopted for the Induction and Training of Trustees

All new trustees undergo induction training, and the charity regularly carries out a self-assessment skills audit of the Trustees to help to ensure that the Trustees have the right skills mix represented on the Board.

### Leadership Team

| | |
|---|---|
| Helen Forsyth | Group Chief Executive |
| Jean Gray | Group Operations Director |
| Colin Howard | Group Finance Director |
| John Bain | Group Resources Director |

The Leadership Team and a number of other staff in BHA, provide services to Seton Care as part of working across the group. This is charged as the major component of an inter-company management fee for these support services. Salaries for all BHA employed staff are bench-marked against other housing associations. Service charges are based upon time spent on Seton Care business and no mark-up is applied in this inter-company charging arrangement.

### Organisational Structure and Decision Making

Seton Care is managed by a Board of Trustees which agrees the strategy, business planning and budget each year. As Seton Care is a wholly owned subsidiary of Berwickshire Housing Association ("BHA"), strategic direction and budgets of Seton Care also need to be agreed by BHA's Board of Trustees, as per the Memorandum of Understanding that exists between these two organisations. The following Trustees were also members of the Berwickshire Housing Association Board of Management; A. Watson, T. Jones, T.Homer and F. Kelly.

Seton Care is given operational freedom to deliver its planned outcomes and operates a scheme of delegation which defines who can commit what financial resources and to what extent they can make financial commitments on behalf of the company.

The chair of Seton Care is usually an independent Trustee but a number of Trustees of Seton Care, including the current Chair, are also Trustees of BHA. The two charities endeavour to work closely together for the benefit of their mutual beneficiaries and the wider community. Trustees of Seton Care and BHA do not benefit from preferential treatment from Seton Care and all conflicts of interest are managed by Trustees declaring their interests at the start of a meeting and also by not participating in a discussion where a conflict of interest exists.

None of the Trustees receive remuneration or other benefit from their work with the charity.

The day to day management of Seton Care is delegated to Jean Gray.

**Related Party Relationships**

All directors give their time freely and no director received remuneration in the year. The senior managers work across the group and are employed by Berwickshire Housing Association. Seton Care is a wholly owned subsidiary of Berwickshire Housing Association.

**Risk Management**

Risks are reviewed regularly by operational staff, management team and Trustees. The BHA Audit Committee also monitors the effectiveness of risk management activities.

Regularly risks are identified by operational staff and these are compared with the risk register to see if the register is still up to date. Identified risks are scored in terms of likely impact if they occurred and the likelihood of an identified risk occurring. The top 10 risks are reviewed and discussed at Board meetings and BHA Trustee meetings. The risk management strategy includes the implementation of procedures designed to minimise or manage any potential impact on the charity should those risks materialise.

**TRUSTEES' RESPONSIBILITIES STATEMENT**

The Trustees (who are also directors of Seton Care 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).

**TRUSTEES' RESPONSIBILITIES STATEMENT (continued)**

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 charitable company and of the income and expenditure of the charitable company 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 in the Charities SORP (FRS 102);
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006. They are also responsible for safeguarding the assets of the charitable 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 charitable company'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 charitable company's auditors are aware of that information.

This report was approved by the Trustees on 15 August 2017and signed on their behalf by:

................................................

**F Kelly, Chair**

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SETON CARE

### Independent Auditor's Report to the trustees and members of Seton Care Limited

We have audited the financial statements of Seton Care Limited for the year ended 31 March 2017 which the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and to the charitable company's trustees, as a body, in accordance with section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended). Our audit work has been undertaken so that we might state to the charitable company's members and its trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company, the charitable company's members as a body and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.

### Respective responsibilities of trustees and auditor

As explained more fully in the Trustees' Responsibilities Statement set out on pages 9 and 10, 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.

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with regulations made under those Acts.

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

### Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

### Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2017, and of its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SETON CARE

**Opinion on other matters prescribed by the Companies Act 2006**

In our opinion based on the work undertaken in the course of the audit:

- the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

the Trustees Annual Report has been prepared in accordance with applicable legal requirements.

**Matters on which we are required to report by exception**

In the light of our knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees Annual Report.

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

- the charitable company has not kept proper and adequate accounting records or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the directors' report and take advantage of the small companies exemption from the requirement to prepare a strategic report.

**Jeremy Chittleburgh BSc CA (Senior Statutory Auditor)**

**For and on behalf of**
**Chiene + Tait LLP**
**Chartered Accountants & Statutory Auditor**
**61 Dublin Street**
**Edinburgh**
**EH3 6NL**
8 September 2017

*Chiene + Tait is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.*

**SETON CARE**

**(A Company Limited by Guarantee)**

**STATEMENT OF FINANCIAL ACTIVITIES (including the Income and Expenditure Account) FOR THE YEAR ENDED 31 MARCH 2017**

| | Note | Unrestricted funds 2017 £ | Restricted funds 2017 £ | Total funds 2017 £ | *Unrestricted funds 2016 £* | *Restricted funds 2016 £* | *Continuing operations 2016 £* | *Discontinued operations 2016 £* | *Total funds 2016 £* |
|---|---|---|---|---|---|---|---|---|---|
| **INCOME AND ENDOWMENTS FROM:** | | | | | | | | | |
| Donations and capital grants | 2 | - | - | - | - | 31,052 | 31,052 | - | 31,052 |
| Investments | 3 | 1,658 | - | 1,658 | 2,475 | - | 2,475 | - | 2,475 |
| Charitable activities: | 4 | | | | | | | | |
| Care services | | 115,956 | - | 115,956 | 666,914 | - | 153,160 | 513,754 | 666,914 |
| Little Reivers | | 167,017 | - | 167,017 | 163,040 | - | 163,040 | - | 163,040 |
| **TOTAL INCOME AND ENDOWMENTS** | | 284,631 | - | 284,631 | 832,429 | 31,052 | 349,727 | 513,754 | 863,481 |
| **EXPENDITURE ON:** | | | | | | | | | |
| Charitable activities: | 6 | | | | | | | | |
| Care services | | 125,640 | - | 125,640 | 920,583 | - | 123,000 | 797,583 | 920,583 |
| Little Reivers | | 188,342 | - | 188,342 | 158,990 | - | 158,990 | - | 158,990 |
| Projects | | - | - | - | 20,956 | 58,359 | 79,315 | - | 79,315 |
| Governance | 7 | 16,990 | - | 16,990 | 62,978 | - | - | 62,978 | 62,978 |
| **TOTAL EXPENDITURE** | | 330,972 | - | 330,972 | 1,163,507 | 58,359 | 361,305 | 860,561 | 1,221,866 |
| **NET EXPENDITURE BEFORE TRANSFERS, CARRIED OVER** | | (46,341) | - | (46,341) | (331,078) | (27,307) | (11,578) | (346,807) | (358,385) |

**SETON CARE**

**(A Company Limited by Guarantee)**

**STATEMENT OF FINANCIAL ACTIVITIES (including the Income and Expenditure Account) (continued)**
**FOR THE YEAR ENDED 31 MARCH 2017**

| | Note | Unrestricted funds 2017 £ | Restricted funds 2017 £ | Total funds 2017 £ | *Unrestricted funds 2016 £* | *Restricted funds 2016 £* | *Continuing operations 2016 £* | *Discontinued operations 2016 £* | *Total funds 2016 £* |
|---|---|---|---|---|---|---|---|---|---|
| **NET EXPENDITURE BEFORE TRANSFERS, BROUGHT FORWARD** | | **(46,341)** | **-** | **(46,341)** | *(331,078)* | *(27,307)* | *(11,578)* | *(346,807)* | *(358,385)* |
| Transfers between Funds | | - | - | - | *(6,524)* | *6,524* | - | - | - |
| **NET EXPENDITURE** | | **(46,341)** | **-** | **(46,341)** | *(337,602)* | *(20,783)* | *(11,578)* | *(346,807)* | *(358,385)* |
| **RECONCILIATION OF FUNDS:** | | | | | | | | | |
| Total funds brought forward | | **284,973** | **-** | **284,973** | *622,575* | *20,783* | *643,358* | - | *643,358* |
| **TOTAL FUNDS CARRIED FORWARD** | | **238,632** | **-** | **238,632** | *284,973* | - | *631,780* | *(346,807)* | *284,973* |

The notes on pages 17 to 28 form part of these financial statements.

SETON CARE

(A Company Limited by Guarantee)

## BALANCE SHEET
## AS AT 31 MARCH 2017

| | Note | 2017 £ | 2017 £ | 2016 £ | 2016 £ |
|---|---|---|---|---|---|
| **CURRENT ASSETS** | | | | | |
| Debtors | 12 | **13,258** | | *31,048* | |
| Investments | 13 | **150,709** | | *175,135* | |
| Cash at bank and in hand | | **97,135** | | *154,556* | |
| | | **261,102** | | *360,739* | |
| **CREDITORS:** amounts falling due within one year | 14 | **(22,470)** | | *(75,766)* | |
| **NET CURRENT ASSETS** | | | **238,632** | | *284,973* |
| **NET ASSETS** | | | **238,632** | | *284,973* |
| **CHARITY FUNDS** | | | | | |
| Unrestricted funds | 15 | | **238,632** | | *284,973* |
| **TOTAL FUNDS** | | | **238,632** | | *284,973* |

The financial statements were approved by the Trustees on 15 August 2017 and signed on their behalf, by:

..........................................................

F Kelly, Chair

Company Reg No. 04065947

The notes on pages 17 to 28 form part of these financial statements.

## CASH FLOW STATEMENT
## FOR THE YEAR ENDED 31 MARCH 2017

| | Note | 2017 £ | 2016 £ |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Net cash (used in) operating activities | 17 | **(85,105)** | *(346,235)* |
| **Cash flows from investing activities:** | | | |
| Proceeds from the sale of property, plant and equipment | | **1,600** | *24,208* |
| **Net cash provided by investing activities** | | **1,600** | *24,208* |
| **Cash flows from financing activities:** | | | |
| Interest receivable on cash and cash equivalents | | **1,658** | |
| HP repayments | | **-** | *(29,601)* |
| **Net cash provided by/(used in) financing activities** | | **1,658** | *(29,601)* |
| **Change in cash and cash equivalents in the year** | | **(81,847)** | *(351,628)* |
| Cash and cash equivalents brought forward | 18 | **329,691** | *681,319* |
| **Cash and cash equivalents carried forward** | 18 | **247,844** | *329,691* |

The notes on pages 17 to 28 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

## 1. ACCOUNTING POLICIES

### 1.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Seton Care 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.

### 1.2 Company status

The charity is a company limited by guarantee. The Trustees are named on page 1. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the charity.

### 1.3 Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Trustees 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 Trustees for particular purposes. The aim and use of each designated fund is set out in the notes 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. The costs of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

Investment income, gains and losses are allocated to the appropriate fund.

## 1. ACCOUNTING POLICIES (continued)

### 1.4 Income

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

The charity receives grants in relation to various projects and service delivery. Income from grants is recognised at fair value when the charity has entitlement after any performance conditions have been met, it is probable that the income will be received and the amount can be measured reliably. If entitlement is not met then these amounts are deferred.

For legacies, entitlement is taken as 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 executor(s) to the Trust that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, 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. Where legacies have been notified to the charity, or the charity is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.

Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Income tax recoverable in relation to investment income is recognised at the time the investment income is receivable.

Other income is recognised in the period in which it is receivable and to the extent the goods have been provided or on completion of the service.

### 1.5 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to make payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

All expenditure is accounted for on an accruals basis. All expenses including support costs and governance costs are allocated to the applicable expenditure headings.

Support costs are those costs incurred directly in support of expenditure on the objects of the charity and include project management carried out at Headquarters. Governance costs are those incurred in connection with administration of the charity and compliance with constitutional and statutory requirements.

## 1. ACCOUNTING POLICIES (continued)

### 1.6 Going concern

The financial statements have been prepared on a going concern basis not withstanding that the trustees decided to transfer all activities to Berwickshire Housing Association Limited. The charity has positive reserves and a decision has been made to transfer these reserves to the Association once the charity has been wound up in due course.

### 1.7 Investments

Current asset investments are short term highly liquid investments and are held at fair value. These include cash on deposit and cash equivalents with a maturity of less than one year.

### 1.8 Debtors

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

### 1.9 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.

### 1.10 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 discounts due.

### 1.11 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.

### 1.12 Pensions

The charity operates a defined benefits pension scheme and the pension charge is based on a full actuarial valuation dated 30 September 2012.

The scheme is a multi-employer scheme where it is not possible, in the normal course of events, to identify on a consistent and reasonable basis, the share of underlying assets and liabilities belonging to individual participating employers. Therefore, the charity accounts for this scheme as if it was a defined contribution scheme. The amount charged to the Statement of Financial Activities represents contributions payable to the scheme in respect of the accounting period.

## 1. ACCOUNTING POLICIES (continued)

### 1.13 Redundancy/Termination payments

Where employees of the charity have had their contract of employment terminated, all redundancy payments in respect of those employees are recognised at the amount paid/expected to be paid.

### 1.14 Employee benefits

In line with FRS102 accounting requirements, any unused holidays are accrued to 31 March 2017 and accounted for as an expense within the Statement of Financial Activities and the respective creditor disclosed in the notes.

## 2. INCOME FROM DONATIONS AND GRANTS

| | Unrestricted funds 2017 £ | Restricted funds 2017 £ | Total funds 2017 £ | *Total funds 2016 £* |
|---|---|---|---|---|
| Grants | - | - | - | *31,052* |

In 2016, of the total income from donations and legacies, £31,052 was to restricted funds and £Nil was to unrestricted funds.

## 3. INVESTMENT INCOME

| | Unrestricted funds 2017 £ | Restricted funds 2017 £ | Total funds 2017 £ | *Total funds 2016 £* |
|---|---|---|---|---|
| Investment income | 1,658 | - | 1,658 | *2,475* |

In 2016, of the total income from investment activities, £2,475 was to unrestricted funds and £NIL was to restricted funds.

## 4. INCOME FROM CHARITABLE ACTIVITIES

| | Unrestricted funds 2017 £ | Restricted funds 2017 £ | Total funds 2017 £ | *Total funds 2016 £* |
|---|---|---|---|---|
| Care services | **115,956** | - | **115,956** | *666,914* |
| Little Reivers | **167,017** | - | **167,017** | *163,040* |
| | **282,973** | - | **282,973** | *829,954* |

In 2016, of the total income from charitable activities, £829,954 was to unrestricted funds and £Nil was to restricted funds.

## 5. ANALYSIS OF INCOME FROM CHARITABLE ACTIVITIES BY TYPE OF INCOME

| | Unrestricted funds 2017 £ | Restricted funds 2017 £ | Total funds 2017 £ | *Total funds 2016 £* |
|---|---|---|---|---|
| Care Home income | - | - | - | *506,155* |
| Housing Support Services | **96,328** | - | **96,328** | *133,890* |
| Recharging Staff | **19,628** | - | **19,628** | *19,270* |
| Nursery Income | **167,017** | - | **167,017** | *162,687* |
| Miscellaneous income | - | - | - | *7,952* |
| | **282,973** | - | **282,973** | *829,954* |

## 6. CHARITABLE ACTIVITIES

| | Staff costs 2017 £ | Depreciation 2017 £ | Other costs 2017 £ | Total 2017 £ | *Total 2016 £* |
|---|---|---|---|---|---|
| Care services | **87,635** | - | **38,005** | **125,640** | *920,583* |
| Little Reivers | **133,420** | - | **54,922** | **188,342** | *158,990* |
| Projects | - | - | - | - | *79,315* |
| **Direct costs (note 8)** | **221,055** | - | **92,927** | **313,982** | *1,158,888* |
| **Expenditure on governance** | - | - | **16,990** | **16,990** | *62,978* |
| | **221,055** | - | **109,917** | **330,972** | *1,221,866* |

## 7. GOVERNANCE COSTS

| | Unrestricted funds 2017 £ | Restricted funds 2017 £ | Total funds 2017 £ | *Total funds 2016 £* |
|---|---|---|---|---|
| Legal fees | **7,152** | - | **7,152** | 21,950 |
| Auditors' remuneration | **7,758** | - | **7,758** | 8,475 |
| HR services | **2,080** | - | **2,080** | - |
| Depreciation | - | - | - | 32,553 |
| | **16,990** | - | **16,990** | *62,978* |

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

## 8. ANALYSIS OF DIRECT CHARITABLE COSTS

| | Basis of Allocation | Care services | Little Reivers | Total 2017 | *Total 2016* |
|---|---|---|---|---|---|
| | | £ | £ | £ | *£* |
| Food supplies | Direct | - | 1,163 | 1,163 | *53,116* |
| Cleaning supplies | Direct | 983 | 1,165 | 2,148 | |
| Leasing and HP | Direct | - | - | - | *16,356* |
| Equipment costs | Direct | 180 | 2,855 | 3,035 | *35,017* |
| Computer running costs | Direct | - | - | - | *9,785* |
| Project expenses | Direct | - | (102) | (102) | *43,528* |
| Regulation fees | Direct | 1,476 | 370 | 1,846 | *4,989* |
| Printing, postage and stationery | Direct | 483 | 2,201 | 2,684 | *2,755* |
| Insurance | Direct | - | - | - | *2,006* |
| Property costs | Direct | 293 | 12,503 | 12,796 | *116,329* |
| Telephone | Direct | - | 197 | 197 | *3,274* |
| Bank charges | Direct | - | 148 | 148 | *1,140* |
| Bad debts | Direct | (4,280) | 1,053 | (3,227) | *4,944* |
| Publicity and promotion | Direct | - | - | - | *(1,565)* |
| Miscellaneous expenses | Direct | - | 917 | 917 | *10,015* |
| Other staff costs | Direct | 235 | 226 | 461 | *26,744* |
| Training and course fees | Direct | 1,250 | 2,000 | 3,250 | *794* |
| (Gain)/Loss on disposal of assets | Direct | (1,600) | - | (1,600) | *16,231* |
| Wages and salaries | Direct | 82,512 | 128,817 | 211,329 | *705,267* |
| National insurance | Direct | 2,272 | 2,976 | 5,248 | *10,505* |
| Pension cost | Direct | 2,851 | 1,627 | 4,478 | *41,058* |
| | | 86,655 | 158,116 | 244,771 | *1,102,288* |
| Corporate Overheads | % Turnover | 20,985 | 30,226 | 51,211 | *-* |
| | | 107,640 | 188,342 | 295,982 | *1,102,288* |
| Management charges | | 18,000 | - | 18,000 | *56,000* |
| | | 125,640 | 188,342 | 313,982 | *1,158,288* |

Direct costs attributable to unrestricted funds totalled £295,982 during the year (2016 - £1,043,929). Direct costs attributable to restricted funds totalled £nil during the year (2016 - £58,359).

## 9. NET INCOMING RESOURCES/(RESOURCES EXPENDED)

This is stated after charging:

| | **2017** | *2016* |
|---|---|---|
| | **£** | *£* |
| Depreciation of tangible fixed assets: | | |
| - owned by the charity | **-** | *32,553* |
| Auditors' remuneration | **7,758** | *8,475* |
| Legal fees | **7,152** | *21,950* |

During the year, no Trustees received any remuneration (2016 - £NIL).

During the year, no Trustees received any benefits in kind (2016 - £NIL).

During the year, no Trustees received any reimbursement of expenses (2016 - £NIL).

## 10. AUDITORS' REMUNERATION

The Auditor's remuneration including VAT amounts to an Audit fee of £7,758 (2016 - £8,475).

## 11. STAFF COSTS AND EMPLOYEE BENEFITS

Staff costs and employee benefits were as follows:

| | **2017** | *2016* |
|---|---|---|
| | **£** | *£* |
| Wages and salaries | **209,179** | *705,267* |
| Social security costs | **5,385** | *10,505* |
| Other pension costs | **38,035** | *41,058* |
| | **252,599** | *756,830* |

The average monthly number of employees was: 19 (2016: 57) and the average monthly number of employees during the year expressed as full time equivalents was as follows (including casual and part-time staff):

| **2017** | *2016* |
|---|---|
| **No.** | *No.* |
| **13** | *39* |
| ==== | ===== |

No employee received total employed benefits (excluding employer pension costs) of more than £60,000 (2016 - £NIL).

## 12. DEBTORS

| | 2017 | 2016 |
|---|---|---|
| | £ | £ |
| Trade debtors | 9,951 | 15,712 |
| Amounts owed by group undertakings | 3,291 | 3,105 |
| Other debtors | 15 | - |
| Prepayments and accrued income | 1 | 12,231 |
| | 13,258 | 31,048 |

There is no interest charged or accruing on the intercompany amount due to Seton Care.

## 13. CURRENT ASSET INVESTMENTS

| | 2017 | 2016 |
|---|---|---|
| | £ | £ |
| Cash equivalents on deposit | 150,709 | 175,135 |

## 14. CREDITORS: Amounts falling due within one year

| | 2017 | 2016 |
|---|---|---|
| | £ | £ |
| Trade creditors | 385 | 7,803 |
| Amounts owed to group undertakings | - | 20,129 |
| Other taxation and social security | 2,490 | 5,153 |
| Other creditors | 37 | - |
| Accruals and deferred income | 19,558 | 42,681 |
| | 22,470 | 75,766 |

## NOTES TO THE FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 31 MARCH 2017

### 15. STATEMENT OF FUNDS

| | Brought Forward £ | Income £ | Expenditure £ | Transfers in/out £ | Carried Forward £ |
|---|---|---|---|---|---|
| **Designated funds** | | | | | |
| Marine Industries | 13,120 | - | - | (13,120) | - |
| | 13,120 | - | - | (13,120) | - |
| **General funds** | | | | | |
| General funds | 271,853 | 284,631 | (330,972) | 13,120 | 238,632 |
| **Total Unrestricted funds** | 284,973 | 284,631 | (330,972) | - | 238,632 |

**Designated Funds**
Marine Industries was a training project that generated its own funding. The self generated income was shown within designated reserves and, as the project has ceased, has been transferred to General Funds.

**General Funds**
General funds are funds held to support the ongoing activities of the charity and cover the general day to day running costs.

**Restricted Funds**
There has been no activity in relation to restricted funds for the year to 31 March 2017.

### 16. ANALYSIS OF NET ASSETS BETWEEN FUNDS

| | Unrestricted funds 2017 £ | Restricted funds 2017 £ | Total funds 2017 £ |
|---|---|---|---|
| Current assets | 261,102 | - | *261,102* |
| Creditors due within one year | (22,470) | - | *(22,470)* |
| | 238,632 | - | *238,632* |

## 17. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES

| | **2017** | *2016* |
|---|---|---|
| | **£** | *£* |
| Net expenditure for the year (as per Statement of financial activities) | **(46,341)** | *(358,385)* |
| **Adjustment for:** | | |
| Depreciation charges | - | *32,553* |
| (Profit)/loss on the sale of assets | **(1,600)** | *16,231* |
| Decrease in stocks | - | *2,373* |
| Decrease in debtors | **17,790** | *122,403* |
| Decrease in creditors | **(53,296)** | *(161,410)* |
| Investment income | **(1,658)** | - |
| **Net cash (used in) operating activities** | **(85,105)** | *(346,235)* |

## 18. ANALYSIS OF CASH AND CASH EQUIVALENTS

| | **2017** | *2016* |
|---|---|---|
| | **£** | *£* |
| Investment deposits | **150,709** | *175,135* |
| Cash in hand | **97,135** | *154,556* |
| Total | **247,844** | *329,691* |

## 19. RELATED PARTY TRANSACTIONS

Name of related party: Berwickshire Housing Association Ltd (BHA)
The relationship: Group parent
The transaction: During the year the charity paid rent charges to the Association in respect of Little Reivers amounting to £8,534 (2016 - £8,500) and management charges of £18,000 (2016 - £56,600) in respect of recharged staff time and resources. It also paid £7,320 for a share of the management costs (2016 - £11,791) and fees of £3,250 to provide training for staff (2016 - £5,000). The charity invoiced £79,596 (2016 - £118,051) to the Association respect of managing the Supporting People contract, along with invoicing for staff ancillary workers costs of £19,628 (2016 - £19,270). Seton Care received £7,848 (2016 - £7,679) from BHA towards the ongoing costs at Linkim Court. The charity was owed by the Association £3,291 at the year end (2016 - £20,129).

## 20. PARENT/SUBSIDIARY RELATIONSHIPS

Berwickshire Housing Association Ltd is the parent and is a registered charity, charity number SC042342 which wholly owns the charity and thereby can exercise control over it. Its principal purposes are the provision of high quality rented accommodation at affordable rents for those in housing need and the provision of care and support services for those in need due to age, infirmity, disablement or handicap.

Copies of the group financial statements which include the subsidiary's results can be obtained from 55 Newtown Street, Duns, TD11 3AU on request.

## 21. CONTROLLING PARTY

Seton Care is a company limited by guarantee. Berwickshire Housing Association Limited as the sole member, guarantees to pay £1 towards the debts of the charity should it be wound up.