

Company registration number: 3913377

Charity registration number: 1079718

# Cedars Castle Hill

(A company limited by guarantee)

Annual Report and Financial Statements

for the Year Ended 31 March 2018

Lanham & Francis  
Registered Auditors  
Church House  
Church Street  
Yeovil  
Somerset  
BA20 1HB

# **Cedars Castle Hill**

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## **Cedars Castle Hill**

### **Trustees' Report**

The trustees, who are directors for the purposes of company law, present the annual report together with the financial statements and auditors' report of the charitable company for the year ended 31 March 2018, which are also prepared to meet the requirements for a directors' report and accounts for Companies Act purposes.

#### **Reference and Administrative Details**

<b>Life President</b>	Dr G Tapper (Resigned 2 March 2018)
<b>Chair</b>	Mrs S D J Jacson MBE
<b>Deputy Chair</b>	Mr M A P Pattison BA (Hons) CBE Mrs E Westall BSc (Hons) Dip SW
<b>Other Trustees</b>	Mr M G Golberg Mrs P Hobbs SRN Dr S Daddy MB.BS MRCS.LRCP Mr M J Hall BA (Hons) Mr R K Keenlyside BSc (Hons) MRICS Mrs R Blacklock MA Cantab
<b>Principal Office</b>	Castle Hill House Bimport Shaftesbury Dorset SP7 8AX  The charity is incorporated in England and Wales.
<b>Company Registration Number</b>	3913377
<b>Charity Registration Number</b>	1079718
<b>Solicitors</b>	Messrs Rutter & Co 2 Bimport Shaftesbury Dorset SP7 8AY
<b>Auditor</b>	Lanham & Francis Registered Auditors Church House Church Street Yeovil Somerset BA20 1HB

# **Cedars Castle Hill**

## **Trustees' Report**

### **Structure, governance and management**

#### ***Nature of governing document***

Cedars Castle Hill is a company limited by guarantee governed by its Memorandum and Articles of Association dated 25 September 2000. It is registered with the Charity Commission.

#### ***Recruitment and appointment of trustees***

The management of the company is the responsibility of the Trustees, who are elected or co-opted under the terms of the Memorandum and Articles of Association of the charity. Trustees are elected at the Annual General Meeting for a three year term. The Board of Trustees carries out an annual skills audit to ensure that there is appropriate expertise among its members. If there is a gap in skills, a specific recruitment drive will take place. Applicants are interviewed and recommendations are put to the Board of Trustees for approval. The Trustees have the power to co-opt any person duly qualified to be appointed as a Trustee as an additional Trustee, but a co-opted Trustee holds office only until the next Annual General Meeting.

#### ***Induction and training of trustees***

The board is currently updating its induction process for new trustees. Training requirements are regularly reviewed and trustees are offered training when considered necessary.

#### ***Organisational structure***

The directors of the charitable company are its trustees for the purposes of charity law and throughout this report are collectively referred to as the Trustees. As set out in the Articles of Association, the chairman of the Trustees is nominated by the Trustees, who are elected annually by the members of the charity attending the Annual General Meeting. Trustees serve for renewable three year terms.

The Trustees have a duty to put the day to day running of the homes in the hands of one or more suitably qualified registered managers. In the year under review, Ms A King BSc, Msc.(Dip), RN continued in this role, supported by Ms Becky Smith as Deputy Home Manager at Castle Hill House and Mrs S Ashcroft, RGN as Home Manager at The Cedars Nursing Home. In Mrs Ashcroft's absence on sick leave for much of the year, the Clinical Manager and Deputy Home Manager at The Cedars covered in the interim.

The Trustees meet on a quarterly basis to administer the charity. These meetings are attended by Senior Staff. Much detailed work is undertaken in the Board's two Standing Committees; the Care Committee overseeing care policy and procedures and the Finance and Strategy Committee, which is responsible for overseeing financial management and reviewing options for strategic development of the charity and the services it provides.

#### ***Major risks and management of those risks***

The Trustees have examined exposure of the Charity to price risk, credit risk, liquidity risk and cash flow risk as part of their ongoing review of the major strategic, business and operational challenges faced by the Charity. The higher risks relate to achieving sustainable occupancy rates, maintaining good service delivery and protecting the cash flow position of the Charity. Systems have been established to enable regular reports to be produced, so that the necessary steps can be taken to manage these risks effectively.

# **Cedars Castle Hill**

## **Trustees' Report**

### **Objectives and activities**

#### ***Objects and aims***

The objects of the charity are to provide sheltered accommodation and care for the benefit of aged persons who are in need in Shaftesbury and the surrounding area. There have been no changes in objectives since the last annual report.

The charity has two homes. Castle Hill House is for levels 1, 2 and 3 of care as defined by Dorset County Council and The Cedars Nursing Home is for levels 4 and 5 of care requiring trained nursing care available 24 hours a day. The Homes are run on a not-for-profit basis, with a substantial proportion of our current residents partially or wholly funded by social services or the NHS.

The Homes are primarily for the elderly and disabled, physically and mentally. Both homes are equipped to support residents who need dementia care. Our registration for Castle Hill House also allows us to accommodate younger persons should the need arise.

#### ***Public benefit***

We describe above our main activities and who we help. In the year ended 31 March 2018 we provided accommodation on a full time and respite basis for 105 residents. All our charitable activities focus on the provision of sheltered accommodation and care for the benefit of aged persons who are in need in Shaftesbury and the surrounding area, and are undertaken to further our charitable purpose for the public benefit.

We have referred to the guidance contained on the Charity Commission's general guidance on public benefit when reviewing our aims and objectives and in planning our future activities. In particular, the Trustees consider how planned activities will contribute to the aims and objectives they have set.

The trustees confirm that they have complied with the requirements of section 17 of the Charities Act 2011 to have due regard to the public benefit guidance published by the Charity Commission for England and Wales.

### **Financial review**

The Trustees recorded a deficit of £118,903 this year (2017: deficit £224,839), including depreciation costs of £91,847. Compared with the previous year, total income increased by £103,164, wages costs including agency fees remained static and other costs were reduced by £23,342. Total funds carried forward are £1,880,294 (2017: £1,999,197). The charity's freehold land and buildings, net of borrowings secured on them represented £1,498,830 (2017: £1,553,370) of this total. Within the total funds carried forward, £256,408 (2017: £306,618) were identified by the Trustees as "free reserves" as described below.

#### ***Policy on reserves***

The Trustees identify those funds which are unrestricted and neither committed nor invested in tangible fixed assets (net of long term loans). The aim is that these free reserves should be broadly equivalent to three months running costs. At the year end, our free reserves represented five weeks running costs.

The Trustees also aim to build up additional reserves where possible in order to contribute to individual capital projects to improve the charity's facilities in the light of changing and expanding needs for its services. When such projects are planned, specific fundraising campaigns are also undertaken.

The Trustees recognise that certain loans may be required to be repaid from 2045, or earlier if certain circumstances arise. Whilst that may seem a long way off the Trustees have begun to make provision for the eventual repayment of these loans through the Loan Contingency Fund, which is managed by Progeny (formerly Chestergate).

## **Cedars Castle Hill**

### **Trustees' Report**

#### ***Principal funding sources***

The charity's principal funding sources for its overall running cost are residential fees for Castle Hill House and The Cedars. When major capital projects are planned, external grants are sought from a variety of sources.

#### ***Investment policy and objectives***

Under the Memorandum and Articles of the Charity, the Trustees have the power to make any investments which they see fit. In the course of 2014, Chestergate were appointed to manage a portion of the charity's financial assets. Transfer of funds into their management commenced in April 2016, and these arrangements continued in the year under review. Chestergate are now part of the Progeny Group following a buyout in the reporting year.

#### **Developments, activities and achievements during the year**

Dr Geoffrey Tapper, our long time Chair and more recently Life President, died early in 2018. Dr Tapper was our founder and driving force for our charity for over thirty years. His numerous contributions to our community have been well documented and celebrated elsewhere. They cover his work leading our charity, his service as a GP, in local government and as trustee of many other charities involved in both care of the elderly and his wide range of interests further afield. We simply record that his passing overshadows everything else in the year under review.

For the year under review, the charity's accounts again show a significant trading loss, although this was substantially reduced from the previous year's results. This outcome reflects the continuing cost pressures facing the care industry and continued reductions in local authority social care budgets. Recruitment and retention of qualified nurses remained a challenge, although we managed a little better this year and reduced our use of agency staff, with consequent improvements in the continuity of service to our residents.

Government at both local and national level continues to flounder in seeking sustainable models for long term care. For several years we have reported hope, but scepticism about the prospect of viable solutions coming into place in the near future. As we stated last year, our sector has learned to make no assumptions about improvements on the basis of regular announcements of new initiatives which never seem to materialise.

Our traditional principal client, Dorset County Council, remains in transition. Reorganisation of the county's second tier authorities appears to have displaced many other pressing issues from its agenda in 2017/18. Our efforts to strengthen our links with DCC, particularly concerning any 'market shaping' activities, will continue in 2018/19, despite recurrent problems again this year in locating competent individuals filling continuing roles with whom to engage. There are signs of better organisation in other adjacent local authorities.

The Trustees continued to adapt the business model for Castle Hill House this year in response to local authority efforts to divert resources away from the provision of long term residential care for all but the greatest health needs. More emphasis was placed on respite care, and some reordering of facilities was undertaken to enable the home to offer an expanded day care service from September 2017.

In September 2017, the Dorset Clinical Commissioning Group adopted changed proposals for the future of services in North Dorset, including retaining beds at Shaftesbury's Westminster Memorial Hospital as an interim measure while new proposals are developed for delivery of NHS services in our primary catchment area. There were indications that there is a five year time horizon for this interim stage. The Trustees have sought to remain engaged with those working on a revised model for such services. Residential and nursing care in the area will be a fundamental component of future service delivery.

In the course of the year, the Geoffrey Tapper Palliative Care Suite in the Cedars Nursing Home proved to offer a service much appreciated by many local families.

## **Cedars Castle Hill**

### **Trustees' Report**

Inspections were undertaken on behalf of the local Clinical Commissioning Group and Dorset County Council as part of our contract of service. These went well and produced no comments of concern within the financial year.

Cedars Castle Hill remains one of the few large employers in Shaftesbury, with a total staff roster in the region of 120 in full and part-time posts. Training remains a vital part of our commitment and amongst our junior care staff we remain well above the national target in terms of the proportion who have completed the relevant diplomas. We aim to recruit locally whenever we can, but we welcome workers from other countries to the extent possible under ever-tightening immigration regulations. We provide training in language and other skills for foreign staff.

There were no major changes in the configuration of our facilities in 2017/18. A kitchenette was installed in the Day Room at Castle Hill House to encourage independence for our residents and open the possibility to providing some rehabilitation beds.

We invested in two new management information systems to assist with operations. Access People Planner streamlines the staffing processes and QCS delivers our internal policies for staff and volunteers. At the year end Access was operational in both homes and QCS was operational at Castle Hill House.

The Trustees will remain alert to any opportunities to deliver future improvements, despite the constraints of our two existing sites.

The Trustees would like to thank the volunteers for their work in the year and continuing thanks go to Marshall Grant and William Williams Trusts for their ongoing financial support and to the Percy Bilton Charity for a project grant this year.

Three events after the year end should be recorded here. In June, we had an unannounced Care Quality Commission inspection at Castle Hill House, which continued to receive a Good rating.

In July, we had an unannounced Care Quality Commission inspection at The Cedars Nursing Home, which found good performance in three areas, but concluded that The Cedars required improvement in the other two, leading to an overall classification of 'Requires Improvement'. The inspectors added an enforcement notice requiring some extra monthly reporting and a re-inspection is anticipated shortly.

In June we reapplied for Gold Standard Framework accreditation at The Cedars, and were delighted to receive a Platinum status award.

QCS, our new policy suite, was operational at The Cedars following the year end. This should improve the staff's access to our internal policies.

#### **Going concern**

The financial statements have been prepared on the going concern basis. Given the rationalisation programme we have launched and our asset, investment and cash position, there are no material uncertainties about the charity's ability to continue.

#### **Disclosure of information to auditor**

Each trustee has taken steps that they ought to have taken as a trustee in order to make themselves aware of any relevant audit information and to establish that the charity's auditor is aware of that information. The trustees confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

## **Cedars Castle Hill**

### **Trustees' Report**

#### **Small companies provision statement**

This report has been prepared in accordance with the small companies regime under the Companies Act 2006.

The annual report was approved by the trustees of the charity on 20 November 2018 and signed on its behalf by:

Mrs S D J Jacson MBE  
Chair of Trustees

## **Cedars Castle Hill**

### **Statement of Trustees' Responsibilities**

The trustees (who are also the directors of Cedars Castle Hill for the purposes of company law) are responsible for preparing the trustees' report and the financial statements in accordance with the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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 its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 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. 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.

Approved by the trustees of the charity on 20 November 2018 and signed on its behalf by:

Mrs S D J Jacson MBE  
Chair of Trustees

## **Cedars Castle Hill**

### **Independent Auditor's Report to the Members of Cedars Castle Hill**

#### **Opinion**

We have audited the financial statements of Cedars Castle Hill (the 'charity') for the year ended 31 March 2018, which comprise the Statement of Financial Activities, Balance Sheet, Statement of Cash Flows, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is United Kingdom Accounting Standards, comprising Charities SORP - FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and applicable law (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charitable company's trustees, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charity's 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 and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 March 2018 and of its results 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.

#### **Basis for opinion**

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

#### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

#### **Other information**

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

## **Cedars Castle Hill**

### **Independent Auditor's Report to the Members of Cedars Castle Hill**

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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in this regard.

#### **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' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' 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 company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

#### **Responsibilities of trustees**

As explained more fully in the Statement of Trustees' Responsibilities (set out on page 7), the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charity'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 charity or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's 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 auditor's 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.

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

## **Cedars Castle Hill**

### **Independent Auditor's Report to the Members of Cedars Castle Hill**

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the charity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the charity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the charity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the charity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the charity audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Karen Jones BSc., FCA (Senior Statutory Auditor)  
For and on behalf of Lanham & Francis, Statutory Auditor

Church House  
Church Street  
Yeovil  
Somerset  
BA20 1HB

17 December 2018

## Cedars Castle Hill

### Statement of Financial Activities for the Year Ended 31 March 2018 (Including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Note	Unrestricted funds £	Restricted funds £	Total 2018 £
<b>Income and Endowments from:</b>				
Donations and legacies	3	8,284	-	8,284
Charitable activities	4	2,351,869	-	2,351,869
Investment income	5	5,863	-	5,863
Other income	6	4,638	-	4,638
Total income		<u>2,370,654</u>	<u>-</u>	<u>2,370,654</u>
<b>Expenditure on:</b>				
Raising funds		(10,131)	-	(10,131)
Charitable activities	7	<u>(2,472,614)</u>	<u>(3,101)</u>	<u>(2,475,715)</u>
Total expenditure		(2,482,745)	(3,101)	(2,485,846)
Gains/losses on investment assets		<u>(3,711)</u>	<u>-</u>	<u>(3,711)</u>
Net expenditure		<u>(115,802)</u>	<u>(3,101)</u>	<u>(118,903)</u>
Net movement in funds		(115,802)	(3,101)	(118,903)
<b>Reconciliation of funds</b>				
Total funds brought forward		<u>1,864,314</u>	<u>134,883</u>	<u>1,999,197</u>
Total funds carried forward	20	<u><u>1,748,512</u></u>	<u><u>131,782</u></u>	<u><u>1,880,294</u></u>

  

	Note	Unrestricted funds £	Restricted funds £	Total 2017 £
<b>Income and Endowments from:</b>				
Donations and legacies	3	5,940	-	5,940
Charitable activities	4	2,256,478	-	2,256,478
Investment income	5	5,598	-	5,598
Other income	6	<u>(526)</u>	<u>-</u>	<u>(526)</u>
Total income		<u>2,267,490</u>	<u>-</u>	<u>2,267,490</u>
<b>Expenditure on:</b>				
Raising funds		(8,438)	-	(8,438)
Charitable activities	7	<u>(2,497,268)</u>	<u>(4,707)</u>	<u>(2,501,975)</u>
Total expenditure		(2,505,706)	(4,707)	(2,510,413)
Gains/losses on investment assets		<u>18,084</u>	<u>-</u>	<u>18,084</u>
Net expenditure		<u>(220,132)</u>	<u>(4,707)</u>	<u>(224,839)</u>
Net movement in funds		(220,132)	(4,707)	(224,839)

## Cedars Castle Hill

### Statement of Financial Activities for the Year Ended 31 March 2018 (Including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Note	Unrestricted funds £	Restricted funds £	Total 2017 £
<b>Reconciliation of funds</b>				
Total funds brought forward		<u>2,084,446</u>	<u>139,590</u>	<u>2,224,036</u>
Total funds carried forward	20	<u>1,864,314</u>	<u>134,883</u>	<u>1,999,197</u>

All of the charity's activities derive from continuing operations during the above two periods.

The funds breakdown for 2017 is shown in note 20.

## Cedars Castle Hill

### (Registration number: 3913377) Balance Sheet as at 31 March 2018

	Note	2018 £	2017 £
<b>Fixed assets</b>			
Tangible assets	13	2,247,891	2,316,584
Investments	14	<u>215,854</u>	<u>216,196</u>
		<u>2,463,745</u>	<u>2,532,780</u>
<b>Current assets</b>			
Stocks	15	7,331	10,015
Debtors	16	186,134	188,674
Cash at bank and in hand		<u>139,070</u>	<u>190,061</u>
		332,535	388,750
<b>Creditors: Amounts falling due within one year</b>	17	<u>(290,986)</u>	<u>(297,333)</u>
<b>Net current assets</b>		<u>41,549</u>	<u>91,417</u>
<b>Total assets less current liabilities</b>		2,505,294	2,624,197
<b>Creditors: Amounts falling due after more than one year</b>	18	<u>(625,000)</u>	<u>(625,000)</u>
<b>Net assets</b>		<u>1,880,294</u>	<u>1,999,197</u>
<b>Funds of the charity:</b>			
<b>Restricted funds</b>		131,782	134,883
<b>Unrestricted income funds</b>			
Unrestricted funds		<u>1,748,512</u>	<u>1,864,314</u>
<b>Total funds</b>	20	<u>1,880,294</u>	<u>1,999,197</u>

The financial statements on pages 11 to 28 were approved by the trustees, and authorised for issue on 20 November 2018 and signed on their behalf by:

Mrs S D J Jacson MBE  
Chair of Trustees

## Cedars Castle Hill

### Statement of Cash Flows for the Year Ended 31 March 2018

	2018 £	2017 £
<b>Cash flows from operating activities</b>		
Net cash expenditure	(118,903)	(224,839)
<b>Adjustments to cash flows from non-cash items</b>		
Depreciation	91,847	87,263
Investment income	(5,863)	(5,598)
Interest payable	6,750	8,438
Revaluation of investments	3,711	(18,084)
	(22,458)	(152,820)
<b>Working capital adjustments</b>		
Decrease in stocks	2,684	980
Decrease/(increase) in debtors	2,540	(10,293)
(Decrease)/increase in creditors	(6,347)	33,301
	(23,581)	(128,832)
<b>Cash flows from investing activities</b>		
Interest receivable and similar income	21	243
Purchase of tangible fixed assets	(23,154)	(53,739)
Sale of investments	7,587	-
Purchase of investments	(9,619)	(199,800)
Income from dividends	4,505	5,355
	(20,660)	(247,941)
<b>Cash flows from financing activities</b>		
Interest payable and similar charges	(6,750)	(6,750)
	(50,991)	(383,523)
Net decrease in cash and cash equivalents	(50,991)	(383,523)
Cash and cash equivalents at 1 April	190,061	573,584
Cash and cash equivalents at 31 March	139,070	190,061

All of the cash flows are derived from continuing operations during the above two periods.

## **Cedars Castle Hill**

### **Notes to the Financial Statements for the Year Ended 31 March 2018**

#### **1 Charity status**

The charity is limited by guarantee, incorporated in England and Wales, and consequently does not have share capital. Each of the trustees is liable to contribute an amount not exceeding £1 towards the assets of the charity in the event of liquidation.

The address of its registered office is:

Castle Hill House  
Bimport  
Shaftesbury  
Dorset  
SP7 8AX

#### **2 Accounting policies**

##### **Summary of significant accounting policies and key accounting estimates**

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

##### **Statement of compliance**

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). They also comply with the Companies Act 2006 and Charities Act 2011.

##### **Basis of preparation**

Cedars Castle Hill 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 notes.

##### **Going concern**

Notwithstanding the deficit incurred in the year under review, the trustees believe that the rationalisation programme that has been launched, which reduced the deficit by £106,000 in 2017/18 will continue to deliver improvements into the future.

In the course of 2018/19, the voluntary transfer of our highest dependency residents from Castle Hill to The Cedars will continue and all our current residents at Castle Hill will be accommodated in the new extension. This will maintain current fee income, offer improved facilities to residents and reduce costs. In addition, we will continue to seek efficiency improvements in both homes - where both practical and consistent with providing high levels of care.

Given the above, the Trustees believe the charity's accounts should be prepared on the going concern basis.

##### **Income and endowments**

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 the income receivable can be measured reliably.

## **Cedars Castle Hill**

### **Notes to the Financial Statements for the Year Ended 31 March 2018**

#### ***Donations and legacies***

Donations are recognised when the charity has been notified in writing of both the amount and settlement date. In the event that a donation is subject to conditions that require a level of performance by the charity before the charity is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the charity and it is probable that these conditions will be fulfilled in the reporting period.

#### ***Investment income***

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank. Dividends are recognised once the dividend has been declared and notification has been received of the dividend due.

#### **Expenditure**

All expenditure is recognised once there is a legal or constructive obligation to that expenditure, it is probable settlement is required and the amount can be measured reliably. All costs are allocated to the applicable expenditure heading that aggregate similar costs to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs.

#### ***Raising funds***

These are costs incurred in attracting voluntary income, the management of investments and those incurred in trading activities that raise funds.

#### ***Charitable activities***

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

#### **Governance costs**

These include the costs attributable to the charity's compliance with constitutional and statutory requirements, including audit, strategic management and trustees's meetings and reimbursed expenses.

#### **Taxation**

The charity is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

#### **Tangible fixed assets**

Individual fixed assets costing £250.00 or more are initially recorded at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

## Cedars Castle Hill

### Notes to the Financial Statements for the Year Ended 31 March 2018

#### Depreciation and amortisation

Depreciation is provided on tangible fixed assets so as to write off the cost or valuation, less any estimated residual value, over their expected useful economic life as follows:

<b>Asset class</b>	<b>Depreciation method and rate</b>
Freehold land and buildings	2% per annum, straight line basis
Fixtures and fittings	25% per annum, reducing balance basis

#### Fixed asset investments

Fixed asset investments, other than programme related investments, are included at market value at the balance sheet date. Realised gains and losses on investments are calculated as the difference between sales proceeds and their market value at the start of the year, or their subsequent cost, and are charged or credited to the Statement of Financial Activities in the period of disposal.

Unrealised gains and losses represent the movement in market values during the year and are credited or charged to the Statement of Financial Activities based on the market value at the year end.

#### Stock

Stock is valued at the lower of cost and estimated selling price less costs to complete and sell, after due regard for obsolete and slow moving stocks. Cost is determined using the first-in, first-out (FIFO).

#### Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

#### Concessionary loans

Concessionary loans are valued at the amount received. Where loans are made with no repayment commitment, they are treated as being due after more than five years, unless it becomes likely that an event that will trigger early repayment occurs. Otherwise loan repayments are analysed in accordance with the loan terms.

#### Fund structure

Unrestricted income funds are general funds that are available for use at the trustees's discretion in furtherance of the objectives of the charity.

Designated funds are unrestricted funds set aside for specific purposes at the discretion of the trustees.

Restricted income funds are those donated for use in a particular area or for specific purposes, the use of which is restricted to that area or purpose.

#### Financial instruments

##### *Classification*

Financial assets and financial liabilities are recognised when the charity becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into.

## Cedars Castle Hill

### Notes to the Financial Statements for the Year Ended 31 March 2018

#### *Recognition and measurement*

Except for concessionary loans, the charity only has financial assets and 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.

#### 3 Income from donations and legacies

	<b>Unrestricted funds</b>	<b>Total 2018</b>	<b>Total 2017</b>
	<b>General</b>		
	<b>£</b>	<b>£</b>	<b>£</b>
Donations and legacies;			
Donations from individuals	8,284	8,284	5,940
	8,284	8,284	5,940
	8,284	8,284	5,940

#### 4 Income from charitable activities

	<b>Unrestricted funds</b>	<b>Total 2018</b>	<b>Total 2017</b>
	<b>General</b>		
	<b>£</b>	<b>£</b>	<b>£</b>
Residential care	2,351,869	2,351,869	2,256,478
	2,351,869	2,351,869	2,256,478
	2,351,869	2,351,869	2,256,478

#### 5 Investment income

	<b>Unrestricted funds</b>		<b>Total 2018</b>	<b>Total 2017</b>
	<b>Designated</b>	<b>General</b>		
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Income from dividends;				
Dividends receivable from other listed investments	2,488	2,017	4,505	5,355
Interest receivable and similar income;				
Interest receivable on bank deposits	4	17	21	243
Other income from fixed asset investments	600	737	1,337	-
	3,092	2,771	5,863	5,598
	3,092	2,771	5,863	5,598

## Cedars Castle Hill

### Notes to the Financial Statements for the Year Ended 31 March 2018

#### 6 Other income

	Unrestricted funds	Total 2018	Total 2017
	General	£	£
	£	£	£
Rental income	4,638	4,638	(526)

#### 7 Expenditure on charitable activities

	Unrestricted funds	Restricted funds	Total 2018	Total 2017
Note	General	£	£	£
	£	£	£	£
Purchases	167,730	-	167,730	173,618
Repairs and maintenance	116,161	-	116,161	105,014
Wages and salaries	1,726,220	-	1,726,220	1,481,694
Staff NIC (Employers)	110,577	-	110,577	80,118
Staff pensions (Defined contribution)	7,817	-	7,817	7,158
Subcontract cost	74,843	-	74,843	351,712
Rent and rates	61,185	-	61,185	64,560
Office expenses	4,887	-	4,887	5,554
Printing, postage and stationery	14,331	-	14,331	13,687
Trade subscriptions	24,758	-	24,758	14,994
Sundry expenses	23,711	-	23,711	22,213
Travel and subsistence	1,934	-	1,934	2,884
Advertising	10,264	-	10,264	12,507
Accountancy fees	4,355	-	4,355	6,613
Legal and professional fees	22,804	-	22,804	46,351
Bad debts written off	(3,039)	-	(3,039)	11,469
Bank charges	3,217	-	3,217	3,166
Depreciation, amortisation and other similar costs	88,746	3,101	91,847	87,263
Governance costs	8	-	12,113	11,400
	2,472,614	3,101	2,475,715	2,501,975

£2,472,614 (2017 - £2,497,268) of the above expenditure was attributable to unrestricted funds and £3,101 (2017 - £4,707) to restricted funds.

## Cedars Castle Hill

### Notes to the Financial Statements for the Year Ended 31 March 2018

#### 8 Analysis of governance and support costs

##### Governance costs

	<b>Unrestricted funds</b>		
	<b>General</b>	<b>Total</b>	<b>Total</b>
	<b>£</b>	<b>2018</b>	<b>2017</b>
		<b>£</b>	<b>£</b>
Audit fees			
Audit of the financial statements	8,400	8,400	11,400
Other fees paid to auditors	3,713	3,713	-
	<u>12,113</u>	<u>12,113</u>	<u>11,400</u>

#### 9 Net incoming/outgoing resources

Net outgoing resources for the year include:

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Depreciation of fixed assets	91,847	87,263
Finance charges payable	6,750	8,438
Revaluation of investments	3,711	(18,084)
	<u>3,711</u>	<u>(18,084)</u>

#### 10 Trustees remuneration and expenses

No trustees, nor any persons connected with them, have received any remuneration from the charity during the year.

No trustees have received any reimbursed expenses or any other benefits from the charity during the year.

#### 11 Auditors' remuneration

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Audit of the financial statements	<u>8,400</u>	<u>11,400</u>
<b>Other fees to auditors</b>		
All other non-audit services	<u>3,713</u>	<u>-</u>

#### 12 Taxation

The charity is a registered charity and is therefore exempt from taxation.

## Cedars Castle Hill

### Notes to the Financial Statements for the Year Ended 31 March 2018

#### 13 Tangible fixed assets

	Land and buildings £	Furniture and equipment £	Total £
<b>Cost</b>			
At 1 April 2017	2,903,692	539,222	3,442,914
Additions	-	23,154	23,154
	2,903,692	562,376	3,466,068
At 31 March 2018	2,903,692	562,376	3,466,068
<b>Depreciation</b>			
At 1 April 2017	725,322	401,008	1,126,330
Charge for the year	54,540	37,307	91,847
	779,862	438,315	1,218,177
At 31 March 2018	779,862	438,315	1,218,177
<b>Net book value</b>			
At 31 March 2018	2,123,830	124,061	2,247,891
At 31 March 2017	2,178,370	138,214	2,316,584

#### 14 Fixed asset investments

	2018 £	2017 £
Other investments	215,854	216,196

#### Other investments

	Listed investments £	Total £
<b>Cost or Valuation</b>		
At 1 April 2017	216,196	216,196
Additions	9,619	9,619
Disposals	(6,250)	(6,250)
Revaluation	(3,711)	(3,711)
	215,854	215,854
At 31 March 2018	215,854	215,854
At 31 March 2017	216,196	216,196

#### 15 Stock

	2018 £	2017 £
Stocks	7,331	10,015

## Cedars Castle Hill

### Notes to the Financial Statements for the Year Ended 31 March 2018

#### 16 Debtors

	2018 £	2017 £
Trade debtors	153,246	152,691
Prepayments	27,998	32,214
Other debtors	4,890	3,769
	<u>186,134</u>	<u>188,674</u>

#### 17 Creditors: amounts falling due within one year

	2018 £	2017 £
Trade creditors	37,840	108,273
Other loans	5,000	5,000
Other taxation and social security	65,737	43,333
Other creditors	157,325	120,455
Accruals	25,084	20,272
	<u>290,986</u>	<u>297,333</u>

#### 18 Creditors: amounts falling due after one year

	2018 £	2017 £
Concessionary loans	<u>625,000</u>	<u>625,000</u>

Creditors amounts falling due after more than one year includes the following liabilities, on which security has been given by the charity:

	2018 £	2017 £
Concessionary loans	<u>625,000</u>	<u>625,000</u>

Loans are secured by a fixed charge over the freehold property of the charity.

Included in the creditors are the following amounts due after more than five years:

	2018 £	2017 £
After more than five years not by instalments	<u>625,000</u>	<u>625,000</u>

## Cedars Castle Hill

### Notes to the Financial Statements for the Year Ended 31 March 2018

#### Other loans after five years

Concessionary loan

Borrowing of £225,000 at 3% pa. No repayment due until 2045.

Concessionary loan

Borrowing of £200,000, interest free. No repayments due until 2045.

Concessionary loan

Borrowing of £200,000, interest free. Loan is only repayable should the properties be sold, transferred to another organisation, or ceased to be used as residential care homes.

#### 19 Pension and other schemes

##### Defined contribution pension scheme

The charity operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the charity to the scheme and amounted to £7,817 (2017 - £7,158).

Contributions totalling £4,498 (2017 - £2,567) were payable to the scheme at the end of the year and are included in creditors.

#### 20 Funds

	Balance at 1 April 2017 £	Incoming resources £	Resources expended £	Other recognised gains/(losses) £	Balance at 31 March 2018 £
<b>Unrestricted funds</b>					
<i>General</i>					
General fund	1,750,667	2,367,562	(2,481,001)	(2,122)	1,635,106
<i>Designated</i>					
Loan Contingency Fund	113,647	3,092	(1,744)	(1,589)	113,406
<b>Total Unrestricted funds</b>	<u>1,864,314</u>	<u>2,370,654</u>	<u>(2,482,745)</u>	<u>(3,711)</u>	<u>1,748,512</u>
<b>Restricted funds</b>					
Conservatory Fund - Castle Hill House	62,247	-	(1,450)	-	60,797
Dignity in Care - The Cedars	4,903	-	(122)	-	4,781
Dignity in Care - Castle Hill House	5,538	-	(129)	-	5,409
Sun Room - Castle Hill House	17,200	-	(400)	-	16,800
Extension - The Cedars	44,000	-	(1,000)	-	43,000
Staff Welfare - The Cedars	995	-	-	-	995
<b>Total restricted funds</b>	<u>134,883</u>	<u>-</u>	<u>(3,101)</u>	<u>-</u>	<u>131,782</u>
<b>Total funds</b>	<u>1,999,197</u>	<u>2,370,654</u>	<u>(2,485,846)</u>	<u>(3,711)</u>	<u>1,880,294</u>

## Cedars Castle Hill

### Notes to the Financial Statements for the Year Ended 31 March 2018

	Balance at 1 April 2016 £	Incoming resources £	Resources expended £	Transfers £	Other recognised gains/(losses) £	Balance at 31 March 2017 £
<b>Unrestricted funds</b>						
<i>General</i>						
General fund	2,084,446	2,264,759	(2,504,848)	(99,900)	6,210	1,750,667
<i>Designated</i>						
Loan Contingency Fund	-	2,731	(858)	99,900	11,874	113,647
<b>Total unrestricted funds</b>	<u>2,084,446</u>	<u>2,267,490</u>	<u>(2,505,706)</u>	<u>-</u>	<u>18,084</u>	<u>1,864,314</u>
<b>Restricted funds</b>						
Conservatory Fund - Castle Hill House	63,697	-	(1,450)	-	-	62,247
Dignity in Care - The Cedars	5,025	-	(122)	-	-	4,903
Dignity in Care - Castle Hill House	5,667	-	(129)	-	-	5,538
Sun Room - Castle Hill House	17,600	-	(400)	-	-	17,200
Extension - The Cedars	45,000	-	(1,000)	-	-	44,000
Ackroyd Trust	1,606	-	(1,606)	-	-	-
Staff Welfare - The Cedars	995	-	-	-	-	995
<b>Total restricted funds</b>	<u>139,590</u>	<u>-</u>	<u>(4,707)</u>	<u>-</u>	<u>-</u>	<u>134,883</u>
<b>Total funds</b>	<u>2,224,036</u>	<u>2,267,490</u>	<u>(2,510,413)</u>	<u>-</u>	<u>18,084</u>	<u>1,999,197</u>

The specific purposes for which the funds are to be applied are as follows:

Designated Fund

Loan Contingency Fund

The Trustees recognise that certain loans may be required to be repaid from 2045, or earlier if certain circumstances arise. The Trustees have begun to set aside investments in order to be able to meet loan repayments when they eventually arise and have designated funds for that purpose as the Loan Contingency Fund.

Restricted Funds

Conservatory fund – Castle Hill House

This arose from various donations for the purpose of constructing a conservatory at Castle Hill House. The donations have been fully utilised for this purpose and the fund is now being written off at a rate of 2% per annum, reflecting the depreciation charged on the asset acquired.

## Cedars Castle Hill

### Notes to the Financial Statements for the Year Ended 31 March 2018

#### Dignity in Care – The Cedars

This arose from a capital grant from Dignity in Care for the sole purpose of improving the outside decking and patio area for residents. The grant was fully utilised within the time restriction placed on it and the fund is now being written off at a rate of 2% per annum, reflecting the depreciation charged on the asset acquired.

#### Dignity in Care – Castle Hill House

This arose from a capital grant from Dignity in Care for the sole purpose of improving the outside decking and patio area for residents. The grant was fully utilised within the time restriction placed on it and the fund is now being written off at a rate of 2% per annum, reflecting the depreciation charged on the asset acquired.

#### Sun Room – The Cedars

A donation was received to help towards the creation of the sun room at The Cedars. The donation has been fully utilised and the fund is now being written off at a rate of 2% per annum.

#### Extension – The Cedars

Two grants were received in respect of the building of the extension at The Cedars. The project is now complete, so the funds are now being written off at a rate of 2% per annum reflecting the depreciation charged on the asset acquired.

#### Ackroyd Trust

During the previous year a donation of £10,000 was received £5,000 for each house to be used for residents activities and these funds have been utilised during the year.

#### Staff welfare – the cedars

This arose from donations received for the benefit of staff at The Cedars.

### 21 Analysis of net assets between funds

	Unrestricted funds		Restricted funds £	Total funds £
	General £	Designated £		
Tangible fixed assets	2,117,104	-	130,787	2,247,891
Fixed asset investments	104,900	110,954	-	215,854
Current assets	330,083	2,452	-	332,535
Current liabilities	(290,986)	-	-	(290,986)
Creditors over 1 year	(625,000)	-	-	(625,000)
<b>Total net assets</b>	<b>1,636,101</b>	<b>113,406</b>	<b>130,787</b>	<b>1,880,294</b>

### 22 Analysis of net funds

	At 1 April 2017 £	Cash flow £	At 31 March 2018 £
Cash at bank and in hand	190,061	(50,991)	139,070
<b>Net debt</b>	<b>190,061</b>	<b>(50,991)</b>	<b>139,070</b>

## **Cedars Castle Hill**

### **Notes to the Financial Statements for the Year Ended 31 March 2018**

#### **23 Related party transactions**

There were no related party transactions in the year.

## Cedars Castle Hill

### Detailed Statement of Financial Activities for the Year Ended 31 March 2018

	<b>Total 2018 £</b>	<b>Total 2017 £</b>
<b>Income and Endowments from:</b>		
Donations and legacies	8,284	5,940
Charitable activities	2,351,869	2,256,478
Investment income	5,863	5,598
Other income	4,638	(526)
	<u>2,370,654</u>	<u>2,267,490</u>
<b>Expenditure on:</b>		
Interest payable and similar charges	6,750	6,750
Amounts payable to investment managers	3,381	1,688
Purchases	167,730	173,618
Repairs and maintenance	116,161	105,014
Wages and salaries	1,726,220	1,481,694
Staff NIC (Employers)	110,577	80,118
Staff pensions (Defined contribution)	7,817	7,158
Subcontract cost	74,843	351,712
Rent and rates	61,185	64,560
Office expenses	4,887	5,554
Printing, postage and stationery	14,331	13,687
Trade subscriptions	24,758	14,994
Sundry expenses	23,711	22,213
Travel and subsistence	1,934	2,884
Advertising	10,264	12,507
Accountancy fees	4,355	6,613
Legal and professional fees	22,804	46,351
Bad debts written off	(3,039)	11,469
Bank charges	3,217	3,166
Depreciation, amortisation and other similar costs	91,847	87,263
Auditors' remuneration	12,113	11,400
	<u>2,485,846</u>	<u>2,510,413</u>
Gains/losses on investment assets	3,711	(18,084)
	<u>(118,903)</u>	<u>(224,839)</u>
Net expenditure	(118,903)	(224,839)
Net movement in funds	(118,903)	(224,839)
<b>Reconciliation of funds</b>		
Total funds brought forward	1,999,197	2,224,036
Total funds carried forward	<u>1,880,294</u>	<u>1,999,197</u>

## **Cedars Castle Hill**

### **Detailed Statement of Financial Activities for the Year Ended 31 March 2018**

All of the charity's activities derive from continuing operations during the above two periods.  
The funds breakdown for 2017 is shown in note 20.