

COMPANY REGISTRATION NUMBER: SC070762

CHARITY REGISTRATION NUMBER: SC004780

**Cornerstone Community Care
Operating as Cornerstone
Company Limited by Guarantee
Financial Statements
31 March 2019**



WILLIAMSON & DUNN

Chartered accountants & statutory auditor
3 West Craibstone Street
Bon Accord Square
Aberdeen
AB11 6YW

Cornerstone Community Care

Operating as Cornerstone

Company Limited by Guarantee

Financial Statements

Year ended 31 March 2019

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Cornerstone Community Care

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Directors' Annual Report

Year ended 31 March 2019

The directors, who are also the trustees for the purposes of charity law, present their report and the financial statements of the charity for the year ended 31 March 2019.

Objectives and activities

Cornerstone is a leading provider of care and support services for adults, children and young people with disabilities and other support needs. The aim of the charity is to deliver high quality care and support that enables everyone to live a valued life - 'the life they choose'. Every day, Cornerstone supports people to become more independent and to live valued lives in their community.

Cornerstone operates with a person centred approach and identifies and measures outcomes for everyone the charity supports based on four key areas - increased social inclusion, improved health, improved independence and improved wellbeing. Cornerstone achieves this through the provision of a wide range of services focused on the needs of the people the charity supports including:

- children and families
- adults and young people with a learning disability
- older people and people with dementia
- young carers
- children and adults with profound and multiple disabilities

In addition to housing support, homecare, supported living, residential care, sheltered housing and community based provision, Cornerstone operates some specialist services including:

- Self-directed support services
- In Your Corner - a support service for young carers
- short breaks and respite
- fostering service
- shared lives
- employability support
- social enterprises

Strategic report

The following sections for achievements and performance and financial review form the strategic report of the charity.

Achievements and performance

During 2018/19 Cornerstone continued to deliver a wide range of services and in March 2019 was providing services for approximately 3,000 individuals and their families.

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Directors' Annual Report *(continued)*

Year ended 31 March 2019

Achievements and performance *(continued)*

Highlights include:

- the continued implementation of an ambitious new strategy - Local Cornerstone - which is generating a lot of interest in the pioneering work of Cornerstone;
- opening a number of new services including the Waterfront in Garelochhead, which caters for adults with profound and complex needs;
- further developing innovative new alternatives to day care services under the banner of Cornerstone Connects;
- continuing to develop a range of services and community activities operating from the Carman Centre in West Dunbartonshire;
- opening several new or expanded social enterprises to provide meaningful daytime activity, employment and training opportunities to adults with a disability;
- opening new community hubs in Peterhead and Irvine;
- operating the Growing Together Children's project with support from the National Lottery and growing the number of children and families supported through children's clubs and holiday play schemes in Dundee, Ayrshire and Moray;
- generating income through the provision of external training via Cornerstone's training academy;
- continuing to operate the Big Lottery funded Community Justice "Positive Tracks" project in partnership with the Scottish Prison Service;
- expanding the self-directed support service in Aberdeen and Aberdeenshire to an increasing number of customers;
- working in partnership with CareZapp to provide technology enabled care and an overnight response service in North Lanarkshire;
- compiling an ambitious fundraising strategy for the Cornerstone Foundation which will provide vital unrestricted income;
- receiving a significant amount of monetary and in-kind support from a number of individual and corporate supporters for which Cornerstone is extremely grateful.

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Directors' Annual Report *(continued)*

Year ended 31 March 2019

Achievements and performance *(continued)*

Volunteering in Cornerstone

Cornerstone is immensely grateful for the support received from volunteers and has received Volunteer Friendly awards. During 2018/19, the combined effort of 258 volunteers spent over 13,300 hours making a difference to the lives of people with disabilities across Scotland. This outstanding total was achieved by dedicated volunteers across many vital roles.

From befriending in the community, to helping the ever-growing variety of Connects clubs, volunteers do some fantastic work. Volunteers also play a key part in many of the organisation's flagship fundraising events, such as the Annual Dinner and Fizz Friday.

Employee involvement

Cornerstone is the only large social care charity in Scotland to have employee directors on the Board.

Cornerstone holds a gold award from Investors in People and the Investors in Young People award.

Employees are kept well informed about the progress and position of the company by means of regular team meetings, access to a company wide communications tool, a staff newsletter and briefings from the Chief Executive.

In addition, Cornerstone holds regular meetings of the Engagement Forum at which staff are invited to give their views on a range of issues directly to senior management.

In order to ensure employee involvement in the governance of Cornerstone alongside the two employee directors, several positions on other governance committees are held by employees of the company.

Cornerstone no longer recognises UNISON for the purposes of negotiation and consultation.

People with a disability

The company's policy is to give full and fair consideration to applications for employment made by people with a disability, having regard to their particular aptitudes and abilities. Cornerstone subscribes to the "double tick" scheme which means applicants with a disability who meet the essential criteria in the job specification will be guaranteed an interview.

People with a disability receive appropriate training to promote their career development within Cornerstone. Employees who become disabled are retained in their existing posts where possible or re-trained for suitable alternative posts.

Financial review

2018/19 saw incoming resources increasing to £42.6m (2017/18 £39.7m). This growth included winning new contracts across Scotland.

The accounts show a deficit of £615,119 (2017/18 surplus £642,096). The overall deficit position reflects the challenges facing the social care sector as a whole. In particular, Health and Social Care Partnerships, who provide the majority of Cornerstone's funds, continue to experience funding pressures which have had an impact on the care providers who provide services on their behalf.

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Directors' Annual Report *(continued)*

Year ended 31 March 2019

Financial review *(continued)*

Additional funding was made available again this year to support the payment of the Scottish Living Wage (SLW), as a minimum, to all staff working in adult social care although in some areas Cornerstone does not receive adequate funding to cover all these additional costs.

The Cornerstone Board made a decision to pay the SLW for sleeping time from 1 October 2018 and this, together with other external factors, has had an impact on the financial position at the year end.

With the introduction of the team member rate, in excess of the SLW, services continue to experience funding pressures. Cornerstone seeks to achieve a financially sustainable way of increasing pay although regular reviews are conducted to analyse service operations and put into place local strategies and actions to ensure services remain financially viable to operate.

Principal Funding Sources

96.7% of the income is payments received from Health and Social Care Partnerships and others for the provision of social care services of which 4.9% relates to Self-Directed Support. The remaining 3.3% is from other sources including charitable fundraising, rental and trading income.

Investment Policy

The Resources Committee has retained a measured approach to investment; having previously considered the most appropriate policy for investing funds and decided on a Management Fund which best meets the requirement for capital growth and income.

Reserves Policy

The Resources Committee has established a policy to hold unrestricted free reserves at a level which equates to between three to six months of the resources expended. Whilst reserves may not reach this level in the near future, it is considered desirable to work towards this to enable the current activities of the company to continue in the event of a significant reduction in funding.

The reserves held at 31 March 2019 were £4.6 million of which £4.3 million were unrestricted reserves.

Plans for future periods

Fundamentally, Cornerstone exists to enable the people it supports to enjoy a valued life, a life they choose. Without a clear understanding of their needs, desires, aspirations and dreams the charity cannot effectively design and deliver services fit for purpose. Cornerstone continues to develop new models of care and support in response to the changes in public service priorities and most importantly in response to the changing needs of the people it supports. The charity is therefore committed to actively involving the people it supports at every level of operations.

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Directors' Annual Report *(continued)*

Year ended 31 March 2019

Plans for future periods *(continued)*

Cornerstone has been working with ARC Scotland on their involvement strategy particularly how it relates to the introduction of a new model of care delivery via Local Cornerstone. The Charter for Involvement is embedded throughout the organisation.

Local Cornerstone continues to be implemented with 2018/19 seeing a continued reduction in business support posts, the roll out of new technology, a significant investment in training for team members and the establishment of 88 local care and support teams across the country.

This approach of devolved responsibility and local decision making will put the people we support at the centre of all Cornerstone activities and ensure that the organisation demonstrates the value of social care as a profession.

Principal risks and uncertainties

Risk Management

The Directors, along with members of the Leadership Team, have identified the major risks to which Cornerstone is exposed. These are regularly reviewed and systems established to mitigate against those risks.

Funding constraints allied to externally driven cost pressures present the most significant risk. Every effort is made to try to ensure that services operate in a financially viable way. In addition, Cornerstone continues to lobby both individually and collectively with other care providers to put forward the case for a strong social care sector which is properly and sustainably funded to care for vulnerable people in Scotland.

Cornerstone will continue to ensure that services are sustainable. To this end we will work with commissioners to achieve sustainability for the continued benefit of the people we support.

Using their voice through the high profile of Local Cornerstone, the Leadership Team continue to share stories to effect systems change in the UK and to inspire others to change.

Health and Safety

The charity recognises and accepts its responsibilities as an employer under the Health and Safety at Work Act 1974 and other relevant legislation. Cornerstone seeks to implement the Act and other legislative requirements in all activities under its control. Cornerstone aims to achieve a balanced approach whereby Health and Safety is given the relevant importance in the workplace and a positive culture of Health and Safety is promoted in all business and service areas.

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Directors' Annual Report *(continued)*

Year ended 31 March 2019

Plans for future periods *(continued)*

Financial Instruments

Cornerstone's financial instruments comprise borrowings, cash and liquid resources and trade debtors and trade creditors that arise directly from operations. The main purpose of these financial instruments is to raise finance for Cornerstone's activities.

The principal risks arising from Cornerstone's financial instruments are interest rate risk, market risk, inflation rate risk and credit risk. The Board manages each of these risks as summarised below:

Interest rate risk

Cornerstone has financed the purchase of property through long term variable rate borrowing. Cornerstone is exposed to risks in fluctuations in the bank base rate of interest. The Directors are of the opinion that as borrowings are from recognised financial institutions then interest risk is managed to the extent that it is within the Directors' control.

Market risk

Cornerstone's investments are exposed to fluctuations in the stock market. The Directors have taken advice on appropriate investments for Cornerstone taking into account the public interest and are satisfied that the risk is acceptable. These investments will be reviewed by the Directors annually.

Credit risk

Cornerstone's borrowings are from the Royal Bank of Scotland plc, a recognised high street lender, the Scottish Investment Fund, Big Issue Invest and Lombard Technology Services Ltd. The Directors are satisfied that Cornerstone is not exposed to any significant risk from its financing arrangements.

Cornerstone's borrowings were obtained following production of forecasts that indicated it was capable of meeting the debt repayments and the Directors are satisfied that this is still the case. The Directors do not consider that the borrowings are exposed to risk as a result of its own credit position.

Credit risk on short term deposits is managed by placing deposits only with major UK financial institutions which are regulated by the Financial Services Authority.

Cornerstone's operational cash flows are dependent on the finance it receives from the funding bodies and the credit terms offered by its suppliers. As most of Cornerstone's dealings are with Health and Social Care Partnerships, and it is not dependent on donations to meet its obligations, the Directors are satisfied that credit risk is not significant for revenue income.

Structure, governance and management

Governing Document

The organisation is a charitable company limited by guarantee, incorporated on 28th February 1980 and is a Scottish charity, number SC004780. The company 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. In the event of the company being wound up, members are required to contribute an amount not exceeding £1.00.

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Directors' Annual Report *(continued)*

Year ended 31 March 2019

Structure, governance and management *(continued)*

Organisational Structure

Cornerstone has a Board of Directors who meet five times a year and are responsible for the strategic direction and overall governance of the charity. At 31 March 2019 the Board had 13 members from a variety of professional and other backgrounds relevant to the work of the charity, including two employee directors. The Chief Executive and other senior staff attend Board and sub-committee meetings in an advisory capacity.

A scheme of delegation is in place and day to day responsibility for the provision of services rests with the Chief Executive and the Leadership Team. The Chief Executive has overall responsibility for ensuring that Cornerstone delivers the services specified and that key performance indicators are met.

Recruitment and Appointment of Board of Directors

The Directors of the company are also charity trustees for the purposes of charity law. Under the requirements of the Memorandum and Articles of Association, one third of the members of the Board of Directors must retire each year through voluntary retirement or on a rotational basis. Those retiring by rotation can seek re-election at the next Annual General Meeting.

Potential Directors are identified through their association with Cornerstone or by recommendation. Directors currently include relatives of people Cornerstone has supported, health care professionals and individuals with particular relevant skills and experience.

Director Induction and Training

Newly appointed Directors are apprised of their role and responsibilities by the Chair of the Board and the Chief Executive. Most Directors are already familiar with the work of the charity having visited Cornerstone services. Both new and longer serving Directors have regular opportunities to meet with people Cornerstone supports, families, carers and staff and to visit services.

Additionally, new Directors are invited and encouraged to meet with senior staff to familiarise themselves with the charity and the context within which it operates. The Chair of the Board and the Chief Executive play a lead role in this.

Pay Policy for Directors and Senior Staff

All Directors are volunteers and give their time freely and no director received remuneration for their governance role in the year. Details of directors expenses and related party transactions are disclosed in notes 18 and 30 of the accounts.

The pay of senior staff is reviewed annually by the Board of Directors. The Directors consider increases in conjunction with increases awarded to the wider staff group. In addition, the Directors benchmark pay levels against those in other third sector organisations of comparable size and industry.

Related Parties

In so far as it is complementary with the charity's objectives, the charity is guided by local, Scottish and UK national policy of both Government and care regulators.

Cornerstone is a member of several national organisations who act as representative bodies for the sector. In addition, Cornerstone is also a member of local partnerships in a number of its areas of operation, a number of local Chambers of Commerce and Third Sector Interfaces.

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Directors' Annual Report *(continued)*

Year ended 31 March 2019

Reference and administrative details

Registered charity name Cornerstone Community Care

Charity registration number SC004780

Company registration number SC070762

Principal office and registered office
Johnstone House
52-54 Rose Street
Aberdeen
AB10 1HA

The directors	Malcolm D. Laing	(Chair to 31 March 2019)
	Andrew B. Lockhart	(Chair from 1 April 2019)
	Tony Dinozzi	(Appointed 23 May 2019)
	James C. Douglas	(Resigned 22 August 2019)
	Zoe Ferguson	(Resigned 23 May 2019)
	Alastair Forbes	
	Geoff Huggins	(Appointed 23 May 2019)
	Sharon L. Irvine	
	Steven C. F. Judge	(Resigned 6 November 2018)
	Helen D. Munro	
	R. Jonathan A. Parkes	
	Craig A. Pollock	
Ian J. Robbie		
Elaine M. Thomson		
Judith R. Tocher		

The Board acknowledge and express their thanks for the contribution of Zoe Ferguson and Steven Judge who have resigned from office. James Douglas resigned since the year end. His fellow Board members and the CEO would like to extend their thanks to him for his hard work and commitment to Cornerstone over many years.

Ian Robbie, Helen Munro and Malcolm Laing are due to retire from office by rotation and, being eligible, offer themselves for re-election.

Applications for membership require to be approved by the Board of Directors.

Key Management Personnel

During the year

Chief Executive	Edel B. Harris
Leader of Exceptional Service (Quality)	Hazel Brown
Leader of the Cornerstone Foundation	Lisa Duthie
Leader of Exceptional Service (Cornerstone Central)	Mairi L. Martin
Chief Finance Officer	Neil J. Gauld

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Directors' Annual Report *(continued)*

Year ended 31 March 2019

Company secretary	Ledingham Chalmers LLP
Auditor	Williamson & Dunn Chartered accountants & statutory auditor 3 West Craibstone Street Bon Accord Square Aberdeen AB11 6YW
Solicitors	Ledingham Chalmers LLP Johnstone House 52- 54 Rose Street Aberdeen AB10 1HA

Directors' responsibilities statement

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

Company law requires the charity directors to prepare financial statements for each year which give a true and fair view of the state of affairs of the charitable company and the incoming resources and application of resources, including the income and expenditure, for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the applicable Charities SORP;
- make judgments and accounting 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity 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 (as amended). They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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Directors' Annual Report (*continued*)

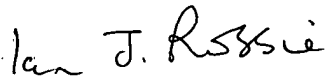
Year ended 31 March 2019

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the charity's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the charity's auditor is aware of that information.

The directors' annual report and the strategic report were approved on 4 December 2019 and signed on behalf of the directors by:



Ian J. Robbie
Director

Cornerstone Community Care

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Independent Auditor's Report to the Directors and Members of Cornerstone Community Care

Year ended 31 March 2019

Opinion

We have audited the financial statements of Cornerstone Community Care (the charitable company) for the year ended 31 March 2019 which comprise the statement of financial activities (including income and expenditure account), statement of financial position, statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2019 and of the charitable company's income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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).

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 charitable company 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 directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the 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.

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Independent Auditor's Report to the Directors and Members of Cornerstone Community Care *(continued)*

Year ended 31 March 2019

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. 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.

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.

Opinions 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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the 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 directors' 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 the returns; or
- certain disclosures of directors remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

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Independent Auditor's Report to the Directors and Members of Cornerstone Community Care (continued)

Year ended 31 March 2019

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, set out on page 9, the directors (who are also trustees of the charitable company for the purposes of charity law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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 the Acts and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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.

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

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Independent Auditor's Report to the Directors and Members of Cornerstone Community Care
(continued)

Year ended 31 March 2019

Use of our report

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 directors, 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 directors 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, its members as a body and its directors as a body, for our audit work, for this report, or for the opinions we have formed.

Kathleen Kirkland MA CA (Senior Statutory Auditor)

For and on behalf of
Williamson & Dunn
Chartered accountants & statutory auditor
3 West Craibstone Street
Bon Accord Square
Aberdeen
AB11 6YW

4 December 2019

Williamson & Dunn is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

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Statement of Financial Activities
(including income and expenditure account)

Year ended 31 March 2019

		Unrestricted funds £	2019 Restricted funds £	Total funds £	2018 Total funds £
	Note				
Income					
Donations and legacies	5	116,195	607,910	724,105	628,130
Charitable activities	6	466,707	41,292,222	41,758,929	38,931,738
Other trading activities	7	135,222	–	135,222	170,785
Investment income	8	7,730	–	7,730	4,674
Total income		<u>725,854</u>	<u>41,900,132</u>	<u>42,625,986</u>	<u>39,735,327</u>
Expenditure					
Expenditure on raising funds:					
Costs of raising donations and legacies	9	(53,251)	(278,599)	(331,850)	(307,627)
Costs of other trading activities	10	(73,700)	–	(73,700)	(103,356)
Expenditure on charitable activities	11,12	(178,213)	(42,662,027)	(42,840,240)	(38,681,706)
Total expenditure		<u>(305,164)</u>	<u>(42,940,626)</u>	<u>(43,245,790)</u>	<u>(39,092,689)</u>
Net gains/(losses) on investments	14	4,685	–	4,685	(542)
Net (expenditure)/income		<u>425,375</u>	<u>(1,040,494)</u>	<u>(615,119)</u>	<u>642,096</u>
Transfers between funds		(998,017)	998,017	–	–
Net movement in funds		<u>(572,642)</u>	<u>(42,477)</u>	<u>(615,119)</u>	<u>642,096</u>
Reconciliation of funds					
Total funds brought forward		4,862,350	378,564	5,240,914	4,598,818
Total funds carried forward		<u>4,289,708</u>	<u>336,087</u>	<u>4,625,795</u>	<u>5,240,914</u>

The statement of financial activities includes all gains and losses recognised in the year.
All income and expenditure derive from continuing activities.

The notes on pages 18 to 34 form part of these financial statements.

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Statement of Financial Position

31 March 2019

	Note	2019		2018	
		£	£	£	£
Fixed assets					
Intangible assets	19		33,440		45,760
Tangible fixed assets	20		5,805,237		5,792,611
Investments	21		148,850		140,746
			<u>5,987,527</u>		<u>5,979,117</u>
Current assets					
Debtors	22	5,396,345		5,435,895	
Cash at bank and in hand		<u>1,770,331</u>		<u>3,539,318</u>	
		7,166,676		8,975,213	
Creditors: amounts falling due within one year	23	<u>(6,678,603)</u>		<u>(7,489,397)</u>	
Net current assets			<u>488,073</u>		<u>1,485,816</u>
Total assets less current liabilities			<u>6,475,600</u>		<u>7,464,933</u>
Creditors: amounts falling due after more than one year	24		<u>(1,849,805)</u>		<u>(2,224,019)</u>
Net assets			<u><u>4,625,795</u></u>		<u><u>5,240,914</u></u>
Funds of the charity					
Restricted funds			336,087		378,564
Unrestricted funds			<u>4,289,708</u>		<u>4,862,350</u>
Total charity funds	26		<u><u>4,625,795</u></u>		<u><u>5,240,914</u></u>

These financial statements were approved by the directors and authorised for issue on 4 December 2019, and are signed on behalf of the directors by:



Ian J. Robbie
Director

Registered charity number: SC004780

The notes on pages 18 to 34 form part of these financial statements.

Cornerstone Community Care

Operating as Cornerstone

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Statement of Cash Flows

Year ended 31 March 2019

	2019 £	2018 £
Cash flows from operating activities		
Net (expenditure)/income	(615,119)	642,096
<i>Adjustments for:</i>		
Depreciation of tangible fixed assets	233,794	229,213
Amortisation of intangible assets	28,160	22,880
Net (losses)/gains on investments	(4,685)	542
Dividends, interest and rents from investments	(3,419)	(3,193)
Other interest receivable and similar income	(4,311)	(1,481)
Interest payable and similar charges	101,897	96,137
Accrued expenses	708,683	134,194
<i>Changes in:</i>		
Trade and other debtors	70,238	(306,665)
Trade and other creditors	(1,644,088)	739,300
Cash generated from operations	(1,128,850)	1,553,023
Interest paid	(101,897)	(96,137)
Interest received	4,311	1,481
Net cash (used in)/from operating activities	<u>(1,226,436)</u>	<u>1,458,367</u>
Cash flows from investing activities		
Dividends, interest and rents from investments	3,419	3,193
Purchase of tangible assets	(246,420)	(391,895)
Purchase of intangible assets	(15,840)	(68,640)
Purchases of other investments	(3,419)	(3,193)
Net cash used in investing activities	<u>(262,260)</u>	<u>(460,535)</u>
Cash flows from financing activities		
Proceeds from borrowings	(280,291)	62,819
Net cash (used in)/from financing activities	<u>(280,291)</u>	<u>62,819</u>
Net (decrease)/increase in cash and cash equivalents	(1,768,987)	1,060,651
Cash and cash equivalents at beginning of year	3,539,318	2,478,667
Cash and cash equivalents at end of year	<u>1,770,331</u>	<u>3,539,318</u>

The notes on pages 18 to 34 form part of these financial statements.

Cornerstone Community Care

Operating as Cornerstone

Company Limited by Guarantee

Notes to the Financial Statements

Year ended 31 March 2019

1. General information

The charity is a public benefit entity and a private company limited by guarantee, registered in Scotland and a registered charity in Scotland. The address of the registered office is Johnstone House, 52-54 Rose Street, Aberdeen, AB10 1HA.

2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland', the 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) (Charities SORP (FRS 102)), the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and the Charity Accounts (Scotland) Regulations 2006 (as amended).

3. Accounting policies

Basis of preparation

The accounts have been prepared under the historical cost convention, except for investments which are included at market value.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Going concern

The directors, having made due and careful enquiry and preparing forecasts, are of the opinion that the company has adequate working capital to execute its operations over the next 12 months. The directors, therefore, have made an informed judgment, at the time of approving the financial statements, that there is a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. As a result, the directors have continued to adopt the going concern basis of accounting in preparing the annual financial statements.

Judgements and key sources of estimation uncertainty

In preparing the financial statements, management is required to make estimates and assumptions which affect reported income, expenses, assets, liabilities and disclosure of contingent assets and liabilities. Use of available information and application of judgement are inherent in the formation of estimates, together with past experience and expectations of future events that are believed to be reasonable under the circumstances. Actual results in the future could differ from such estimates.

Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual value of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets.

Impairment of debtors

The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors, including the current credit rating of the debtor, the ageing profile of debtors and historical experience.

Cornerstone Community Care

Operating as Cornerstone

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 March 2019

3. Accounting policies *(continued)*

Fund accounting

Unrestricted funds are expendable at the discretion of the Board in furtherance of the objects of Cornerstone.

Designated funds are unrestricted funds earmarked by the Board for particular future projects or commitments.

Restricted funds are funds subject to specific trusts, which may be declared by the donor or with their authority (e.g. by the restrictive wording of an appeal). Some are restricted income funds expendable at the discretion of the Board in furtherance of a particular activity, such as local government grants and funds raised for particular activities.

Income

Income is included in the statement of financial activities when entitlement has passed to the charity; it is probable that the economic benefits associated with the transaction will flow to the charity and the amount can be reliably measured. The following specific policies are applied to particular categories of income:

- Income from donations or grants is recognised when there is evidence of entitlement to the gift, receipt is probable and its amount can be measured reliably.
- Legacy income is recognised when receipt is probable and entitlement is established.
- Income from donated goods is measured at the fair value of the goods unless this is impractical to measure reliably, in which case the value is derived from the cost to the donor or the estimated resale value. Donated facilities and services are recognised in the accounts when received if the value can be reliably measured. No amounts are included for the contribution of general volunteers.
- Income from contracts for the supply of services is recognised with the delivery of the contracted service. This is classified as unrestricted funds unless there is a contractual requirement for it to be spent on a particular purpose and returned if unspent, in which case it may be regarded as restricted.
- Investment income is included when receivable.

Capital grants

Grants in respect of capital expenditure are credited to a deferred income account and released to income over the potential repayment period.

Cornerstone Community Care

Operating as Cornerstone

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 March 2019

3. Accounting policies *(continued)*

Expenditure and basis of allocation of costs

Expenditure is recognised on an accruals basis as a liability is incurred. Expenditure includes any VAT which cannot be fully recovered, and is classified under headings of the statement of financial activities to which it relates:

- expenditure on raising funds includes the costs of all fundraising activities, events, non-charitable trading activities, and the sale of donated goods.
- expenditure on charitable activities includes all costs incurred by a charity in undertaking activities that further its charitable aims for the benefit of its beneficiaries, including those support costs and costs relating to the governance of the charity apportioned to charitable activities.
- other expenditure includes all expenditure that is neither related to raising funds for the charity nor part of its expenditure on charitable activities.
- All costs are allocated between the expenditure categories of the SOFA on a basis designed to reflect the use of the resource. Costs relating to a particular activity are allocated directly, others are apportioned on an appropriate basis as set out in Note 13.

Operating leases

Rentals applicable to operating leases where substantially all the benefits and risks of ownership remain with the lessor are charged to the SOFA on a straight line basis over the period of the lease.

Intangible assets

Intangible assets are initially recorded at cost, and are subsequently stated at cost less any accumulated amortisation and impairment losses.

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful life of that asset as follows:

Software licences	-	Over 3 years
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If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new estimates.

Tangible assets

Fixed assets are included in the balance sheet at cost less accumulated depreciation. All project equipment and fixtures are written off against the grant received in the year of receipt. Items are capitalised where the purchase price exceeds £2,000.

The charity currently has no tangible assets to which impairment provisions apply.

Cornerstone Community Care

Operating as Cornerstone

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 March 2019

3. Accounting policies *(continued)*

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Property	-	Over 50 years
Fixtures and fittings	-	Over 3 years
Motor vehicles	-	Over 4 years
Property improvements	-	Over 3 to 15 years

Investments

Unlisted equity investments are initially recorded at cost, and subsequently measured at fair value. If fair value cannot be reliably measured, assets are measured at cost less impairment.

Listed investments are measured at fair value with changes in fair value being recognised in income or expenditure.

Financial instruments

A financial asset or a financial liability is recognised only when the entity becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the amount receivable or payable including any related transaction costs.

Current assets and current liabilities are subsequently measured at the cash or other consideration expected to be paid or received and not discounted.

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided.

4. Limited by guarantee

The company is limited by guarantee not exceeding £1 per member. At 31 March 2019 there were 36 members (2018 - 37).

Cornerstone Community Care

Operating as Cornerstone

Company Limited by Guarantee

Notes to the Financial Statements (continued)

Year ended 31 March 2019

5. Donations and legacies

	Unrestricted Funds £	Restricted Funds £	Total Funds 2019 £
Grants			
Donations	116,195	–	116,195
Donated goods and services	–	18,324	18,324
The Big Lottery Fund - Growing Together	–	127,401	127,401
The Big Lottery Fund - Local Cornerstone	–	207,676	207,676
Trusts and other funders	–	90,811	90,811
Scottish Government	–	163,698	163,698
	<u>116,195</u>	<u>607,910</u>	<u>724,105</u>
	Unrestricted Funds £	Restricted Funds £	Total Funds 2018 £
Grants			
Donations	81,150	–	81,150
Donated goods and services	–	117,837	117,837
The Big Lottery Fund - Growing Together	–	126,162	126,162
The Big Lottery Fund - Local Cornerstone	–	12,000	12,000
Trusts and other funders	–	46,852	46,852
Scottish Government	–	244,129	244,129
	<u>81,150</u>	<u>546,980</u>	<u>628,130</u>

6. Charitable activities

	Unrestricted Funds £	Restricted Funds £	Total Funds 2019 £
Operations	–	37,137,508	37,137,508
Employment & Training	–	205,066	205,066
Children & Family Services	–	1,876,154	1,876,154
Self Directed Support	–	2,004,016	2,004,016
Community Justice Services	–	2,300	2,300
Rental Income	403,247	–	403,247
Social Firm Activity	63,460	–	63,460
Other income	–	67,178	67,178
	<u>466,707</u>	<u>41,292,222</u>	<u>41,758,929</u>

Cornerstone Community Care

Operating as Cornerstone

Company Limited by Guarantee

Notes to the Financial Statements (continued)

Year ended 31 March 2019

6. Charitable activities (continued)

	Unrestricted Funds £	Restricted Funds £	Total Funds 2018 £
Operations	–	34,464,218	34,464,218
Employment & Training	–	230,676	230,676
Children & Family Services	–	1,665,938	1,665,938
Self Directed Support	–	1,955,177	1,955,177
Community Justice Services	–	45,000	45,000
Rental Income	459,405	–	459,405
Social Firm Activity	39,007	–	39,007
Other income	–	72,317	72,317
	<u>498,412</u>	<u>38,433,326</u>	<u>38,931,738</u>

7. Other trading activities

	Unrestricted Funds £	Total Funds 2019 £	Unrestricted Funds £	Total Funds 2018 £
Fundraising events	<u>135,222</u>	<u>135,222</u>	<u>170,785</u>	<u>170,785</u>

8. Investment income

	Unrestricted Funds £	Total Funds 2019 £	Unrestricted Funds £	Total Funds 2018 £
Investment income	3,419	3,419	3,193	3,193
Bank interest receivable	4,311	4,311	1,481	1,481
	<u>7,730</u>	<u>7,730</u>	<u>4,674</u>	<u>4,674</u>

9. Costs of raising donations and legacies

	Unrestricted Funds £	Restricted Funds £	Total Funds 2019 £
Cost of voluntary income	<u>53,251</u>	<u>278,599</u>	<u>331,850</u>
	Unrestricted Funds £	Restricted Funds £	Total Funds 2018 £
Cost of voluntary income	<u>39,371</u>	<u>268,256</u>	<u>307,627</u>

Cornerstone Community Care

Operating as Cornerstone

Company Limited by Guarantee

Notes to the Financial Statements (continued)

Year ended 31 March 2019

10. Costs of other trading activities

	Unrestricted Funds £	Total Funds 2019 £	Unrestricted Funds £	Total Funds 2018 £
Fundraising events - event costs	73,700	73,700	103,356	103,356

11. Expenditure on charitable activities by fund type

	Unrestricted Funds £	Restricted Funds £	Total Funds 2019 £
Charitable activities	178,213	38,643,843	38,822,056
Support costs	–	4,018,184	4,018,184
	<u>178,213</u>	<u>42,662,027</u>	<u>42,840,240</u>
	Unrestricted Funds £	Restricted Funds £	Total Funds 2018 £
Charitable activities	272,225	35,157,137	35,429,362
Support costs	–	3,252,344	3,252,344
	<u>272,225</u>	<u>38,409,481</u>	<u>38,681,706</u>

12. Expenditure on charitable activities by activity type

	Activities undertaken directly £	Support costs £	Total funds 2019 £	Total fund 2018 £
Charitable activities	38,822,056	3,968,856	42,790,912	38,646,099
Governance costs	–	49,328	49,328	35,607
	<u>38,822,056</u>	<u>4,018,184</u>	<u>42,840,240</u>	<u>38,681,706</u>

Cornerstone Community Care

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Company Limited by Guarantee

Notes to the Financial Statements (continued)

Year ended 31 March 2019

13. Analysis of total costs

	Voluntary Income £	Fundraising Events £	Charitable Activities £	Support Services £	Governance £	Total 2019 £	Total 2018 £
Staff costs	250,243	46,731	33,159,525	2,098,055	–	35,554,554	32,479,225
Premises	35,981	6,719	1,195,442	98,241	–	1,336,383	1,470,260
Provisions	–	–	221,952	10,352	–	232,304	202,862
Fundraising purchases	–	–	65,954	–	–	65,954	63,631
Events costs	–	11,730	–	–	–	11,730	19,714
Audit and accounts fee	–	–	–	–	27,600	27,600	26,400
Annual reports and AGM	–	–	–	–	5,468	5,468	5,405
Donated goods and services	–	–	18,324	–	–	18,324	117,837
Sundry costs	45,626	8,520	4,160,859	1,762,208	3,320	5,980,533	4,707,355
Professional fees	–	–	–	–	12,940	12,940	–
	<u>331,850</u>	<u>73,700</u>	<u>38,822,056</u>	<u>3,968,856</u>	<u>49,328</u>	<u>43,245,790</u>	<u>39,092,689</u>

Cornerstone Community Care

Operating as Cornerstone

Company Limited by Guarantee

Notes to the Financial Statements (continued)

Year ended 31 March 2019

14. Net gains/(losses) on investments

	Unrestricted Funds	Total Funds	Unrestricted Funds	Total Funds
	£	2019 £	£	2018 £
Gains/(losses) on listed investments	<u>4,685</u>	<u>4,685</u>	<u>(542)</u>	<u>(542)</u>

15. Net (expenditure)/income

Net (expenditure)/income is stated after charging/(crediting):

	2019 £	2018 £
Amortisation of intangible assets	28,160	22,880
Depreciation of tangible fixed assets	233,794	229,213
Land and buildings lease costs	435,789	463,395
Plant and machinery lease costs	33,430	35,433
Interest and similar charges payable	101,897	96,137
Indemnity insurance	<u>19,499</u>	<u>16,885</u>

16. Auditors remuneration

	2019 £	2018 £
Fees payable for the audit of the financial statements	<u>21,000</u>	<u>20,000</u>
Fees payable to the charity's auditor and its associates for other services: Other non-audit services	<u>6,600</u>	<u>6,400</u>

17. Staff costs

The total staff costs and employee benefits for the reporting period are analysed as follows:

	2019 £	2018 £
Wages and salaries	32,477,434	29,743,888
Social security costs	2,297,287	2,108,634
Employer contributions to pension plans	714,991	565,087
	<u>35,489,712</u>	<u>32,417,609</u>

In addition to staff costs noted above, there were redundancy costs of £64,843 (2018 - £61,616).

Cornerstone Community Care

Operating as Cornerstone

Company Limited by Guarantee

Notes to the Financial Statements (continued)

Year ended 31 March 2019

17. Staff costs (continued)

The average head count of employees during the year was 2,007 (2018: 1,939). The average number of employees during the year is analysed as follows:

	2019 No.	2018 No.
Support staff	1,555	1,486
Training and SVQ staff	11	10
Office and administration staff	78	76
Social firm staff	8	8
Relief staff	355	359
	<u>2,007</u>	<u>1,939</u>

The number of employees whose remuneration for the year fell within the following bands, were:

	2019 No.	2018 No.
£60,000 to £69,999	1	2
£70,000 to £79,999	2	3
£100,000 to £109,999	1	1
	<u>4</u>	<u>6</u>

Key Management Personnel

Key management personnel include all persons that have authority and responsibility for planning, directing and controlling the activities of the charity. The total compensation paid to key management personnel for services provided to the charity was £459,537 (2018: £463,243).

18. Directors remuneration and expenses

During the year none of the directors received any remuneration for their duties as trustees of the charity (2018 - Nil).

There are 2 employees who were appointed as directors on 13th December 2017. They received the following remuneration as employees of the charity. S Irvine received a salary of £38,031 (2018 - £11,830 pro rata) and employer pension contributions of £921 (2018 - £185 pro rata) and A Forbes received a salary of £27,678 (2018 - £8,000 pro rata).

Travel and subsistence costs of £501 (2018 - £1,089) in total were reimbursed to 3 (2018 - 4) directors.

Cornerstone Community Care

Operating as Cornerstone

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 March 2019

19. Intangible assets

	Software licences £
Cost	
At 1 April 2018	68,640
Additions	15,840
At 31 March 2019	84,480
Amortisation	
At 1 April 2018	22,880
Charge for the year	28,160
At 31 March 2019	51,040
Carrying amount	
At 31 March 2019	33,440
At 31 March 2018	45,760

20. Tangible fixed assets

	Land and buildings £	Property improvements £	Fixtures and fittings £	Motor vehicles £	Total £
Cost					
At 1 April 2018	6,253,257	375,341	422,057	67,835	7,118,490
Additions	71,664	126,072	48,684	—	246,420
At 31 March 2019	6,324,921	501,413	470,741	67,835	7,364,910
Depreciation					
At 1 April 2018	660,227	222,116	407,566	35,970	1,325,879
Charge for the year	114,125	91,162	16,132	12,375	233,794
At 31 March 2019	774,352	313,278	423,698	48,345	1,559,673
Carrying amount					
At 31 March 2019	5,550,569	188,135	47,043	19,490	5,805,237
At 31 March 2018	5,593,030	153,225	14,491	31,865	5,792,611

Capital commitments

	2019 £	2018 £
Contracted for but not provided for in the financial statements	—	50,778

Cornerstone Community Care

Operating as Cornerstone

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 March 2019

21. Investments

	Listed investments £
Cost or valuation	
At 1 April 2018	140,746
Additions	3,419
Fair value movements	4,685
At 31 March 2019	<u>148,850</u>

All investments shown above are held at valuation.

Financial assets held at fair value

The fixed asset investments have been recorded in the accounts at fair value. Details of the fair value were obtained from the Brewin Dolphin portfolio valuation as at 5 April 2019.

The historical cost of listed investments is £96,456 (2018 - £93,037).

The company holds one £1 ordinary share (100% of the issued share capital) in Corners Turned Limited, a company registered in Scotland. This company is now dormant.

The company holds one £1 ordinary share (100% of the issued share capital) in Cornerstone Services Scotland Limited, a company registered in Scotland. This company was incorporated on 10 September 2018 and is yet to commence trading.

22. Debtors

	2019 £	2018 £
Prepayments and accrued income	162,284	131,596
Other debtors	<u>5,234,061</u>	<u>5,304,299</u>
	<u>5,396,345</u>	<u>5,435,895</u>

Cornerstone Community Care

Operating as Cornerstone

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 March 2019

23. Creditors: amounts falling due within one year

	2019	2018
	£	£
Bank and other loans	562,239	516,362
Accruals and deferred income	1,999,487	1,240,116
Social security and other taxes	516,407	457,557
Property grants	28,046	28,046
Other creditors	3,572,424	5,247,316
	<u>6,678,603</u>	<u>7,489,397</u>

24. Creditors: amounts falling due after more than one year

	2019	2018
	£	£
Bank and other loans	1,194,270	1,520,438
Accruals and deferred income	—	20,000
Property grants	655,535	683,581
	<u>1,849,805</u>	<u>2,224,019</u>

25. Pensions and other post retirement benefits

Defined contribution plans

The amount recognised in income or expenditure as an expense in relation to defined contribution plans was £714,991 (2018: £565,087).

Cornerstone Community Care

Operating as Cornerstone

Company Limited by Guarantee

Notes to the Financial Statements (continued)

Year ended 31 March 2019

26. Analysis of charitable funds

Unrestricted funds

	At 1 Apr 2018 £	Income £	Expenditure £	Transfers £	Gains and losses £	At 31 Mar 2019 £
General funds	1,075,921	725,854	(305,164)	(1,283,907)	4,685	217,389
Designated capital fund	3,786,429	—	—	285,890	—	4,072,319
	<u>4,862,350</u>	<u>725,854</u>	<u>(305,164)</u>	<u>(998,017)</u>	<u>4,685</u>	<u>4,289,708</u>

	At 1 Apr 2017 £	Income £	Expenditure £	Transfers £	Gains and losses £	At 31 Mar 2018 £
General funds	876,030	755,021	(414,952)	(139,636)	(542)	1,075,921
Designated capital fund	3,356,275	—	—	430,154	—	3,786,429
	<u>4,232,305</u>	<u>755,021</u>	<u>(414,952)</u>	<u>290,518</u>	<u>(542)</u>	<u>4,862,350</u>

Restricted funds

	At 1 Apr 2018 £	Income £	Expenditure £	Transfers £	Gains and losses £	At 31 Mar 2019 £
Operations and other services	—	41,292,222	(42,662,027)	1,369,805	—	—
General fund	319,173	607,910	(278,599)	(336,850)	—	311,634
Jigsaw (Helensburgh) fund	59,391	—	—	(34,938)	—	24,453
	<u>378,564</u>	<u>41,900,132</u>	<u>(42,940,626)</u>	<u>998,017</u>	<u>—</u>	<u>336,087</u>

	At 1 Apr 2017 £	Income £	Expenditure £	Transfers £	Gains and losses £	At 31 Mar 2018 £
Operations and other services	—	38,433,326	(38,409,481)	(23,845)	—	—
General fund	303,683	546,980	(268,256)	(263,234)	—	319,173
Jigsaw (Helensburgh) fund	62,830	—	—	(3,439)	—	59,391
	<u>366,513</u>	<u>38,980,306</u>	<u>(38,677,737)</u>	<u>(290,518)</u>	<u>—</u>	<u>378,564</u>

Cornerstone Community Care

Operating as Cornerstone

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Notes to the Financial Statements *(continued)*

Year ended 31 March 2019

26. Analysis of charitable funds *(continued)*

Purpose of restricted funds

Operations - Funds used to support individuals to live a valued life in their own homes.

General - Represents fundraising monies designated for particular purposes.

Jigsaw (Helensburgh) Fund - Funds transferred from Jigsaw (Helensburgh) to be used for the provision of children's services.

27. Analysis of net assets between funds

	Unrestricted Funds £	Restricted Funds £	Total Funds 2019 £
Intangible assets	33,440	—	33,440
Tangible fixed assets	5,805,237	—	5,805,237
Investments	148,850	—	148,850
Current assets	762,271	6,404,405	7,166,676
Creditors less than 1 year	(610,285)	(6,068,318)	(6,678,603)
Creditors greater than 1 year	(1,849,805)	—	(1,849,805)
Net assets	4,289,708	336,087	4,625,795

	Unrestricted Funds £	Restricted Funds £	Total Funds 2018 £
Intangible assets	45,760	—	45,760
Tangible fixed assets	5,792,611	—	5,792,611
Investments	140,746	—	140,746
Current assets	1,671,660	7,303,553	8,975,213
Creditors less than 1 year	(564,408)	(6,924,989)	(7,489,397)
Creditors greater than 1 year	(2,224,019)	—	(2,224,019)
Net assets	4,862,350	378,564	5,240,914

Cornerstone Community Care

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Notes to the Financial Statements (continued)

Year ended 31 March 2019

28. Financial instruments

The carrying amount for each category of financial instrument is as follows:

	2019 £	2018 £
Loan commitments measured at cost less impairment		
Due in one year or less or on demand	562,239	516,362
Due in more than one year but not more than two years	267,848	326,168
Due in more than two years but not more than five years	652,615	728,759
Due in more than five years	273,807	465,511
	<u>1,756,509</u>	<u>2,036,800</u>

During 2008 a loan of £300,000 was advanced by the Royal Bank of Scotland towards the building of a new house at Maud. The loan is secured by a Standard Security over the property at Maud. The loan is repayable over 300 monthly payments, commencing one month after the loan was drawn. The term loan bears interest at 1.95% above the Bank's Base Rate. The amount outstanding at 31 March 2019 was £174,000.

During 2010 a loan of £400,000 was advanced by the Scottish Investment Fund towards the building of a new house at Dunfermline. The loan is secured by a Standard Security over the property at Dunfermline. The loan is repayable over 120 monthly payments, commencing one month after the loan was drawn. The loan bears interest at 5%. The amount outstanding at 31 March 2019 was £81,251.

During 2010 a risk capital loan of £300,000 was advanced by the Scottish Investment Fund on deferred terms. The loan is repayable over 60 months and bears interest at 6%. Repayments commenced in June 2015 and the amount outstanding at 31 March 2019 was £78,240.

During 2012 a loan of £320,000 was advanced by the Royal Bank of Scotland towards the purchase of properties at New Deer. The loan is secured by a Standard Security over the properties at New Deer. The loan is repayable over 59 equal monthly payments commencing one month after the loan was drawn and a final instalment sufficient to repay the outstanding balance in full. The loan bears interest at 2.25% above the Bank's Base Rate. The loan was refinanced for a further 6 months during the year. The amount outstanding at 31 March 2019 was £127,213.

During 2014 a loan of £200,000 was advanced by the Royal Bank of Scotland towards the building of a property at Portlethen. The loan is secured by a Standard Security over the property at Portlethen. The loan is repayable over 59 equal monthly payments commencing one month after the loan was drawn and a final instalment sufficient to repay the outstanding balance in full. The loan bears interest at 4.99%. The amount outstanding at 31 March 2019 was £108,875.

During 2014 the Carman Centre was purchased from West Dunbartonshire Council under a deferred payment arrangement. The amount due is secured by a standard security over the property. The amount outstanding at 31 March 2019 was £20,000.

During 2016 a loan of £600,000 was advanced by the Royal Bank of Scotland towards the building of a new house at Dumbarton. The loan is secured by a Standard Security over the property at Dumbarton. The loan is repayable over 120 monthly payments, commencing one month after the loan was drawn. The loan bears interest at 2.62%. The amount outstanding at 31 March 2019 was £459,758.

Cornerstone Community Care

Operating as Cornerstone

Company Limited by Guarantee

Notes to the Financial Statements (continued)

Year ended 31 March 2019

28. Financial instruments (continued)

During 2017 a loan of £500,000 was advanced by the Big Issue Social Enterprise Investment Fund. The loan is secured by a floating charge. The loan is repayable over 60 monthly payments, commencing two years after the loan was drawn. The loan bears interest at 8.00%. The amount outstanding at 31 March 2019 was £500,000.

During 2018 a loan of £300,000 was advanced by Lombard Technology Services Ltd. The loan is repayable over 60 monthly payments, commencing in the month the loan was drawn. The loan bears interest at 5.00%. The amount outstanding at 31 March 2019 was £227,172.

The Royal Bank of Scotland also has a bond & floating charge over all other monies and undertakings.

The Scottish Investment Fund loans and the Big Issue Social Enterprise Investment Fund loan are also secured by a bond & floating charge, ranking behind the Royal Bank of Scotland.

29. Operating lease commitments

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2019 £	2018 £
Not later than 1 year	313,430	281,421
Later than 1 year and not later than 5 years	685,371	458,139
Later than 5 years	422,125	155,233
	<u>1,420,926</u>	<u>894,793</u>

30. Related parties

During the year, the company received services amounting to £34,568 (2018 - £25,823) from Ledingham Chalmers LLP. Malcolm Laing is a director of Cornerstone and during the year was a consultant and former partner in Ledingham Chalmers LLP. The company also received services amounting to £133,730 (2018 - £86,702) from Space Solutions Limited. Steven Judge was a director of Cornerstone, until his resignation on 6 November 2018, and is a director of Space Solutions Limited.

31. Contingent liability

Since the year end, Cornerstone has received notification that a number of employees have brought inducement claims against their employer. These inducement claims have been raised under section 145B of the Trade Union & Labour Relations (Consolidation) Act 1992 alleging that Cornerstone implemented changes to terms and conditions of employment and pay increases directly to employees to avoid collective bargaining. Cornerstone estimates that the total amount of these claims, were they to be successful, may be as much as £1.8m.

However, Cornerstone has received legal advice that supports our defence and therefore intends to fully resist these claims and robustly defend its position.