

Charity Registration No. SC004780 (Scotland)

Company Registration No. SC070762 (Scotland)

**CORNERSTONE COMMUNITY CARE
OPERATING AS CORNERSTONE
COMPANY LIMITED BY GUARANTEE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

**CORNERSTONE COMMUNITY CARE
OPERATING AS CORNERSTONE
COMPANY LIMITED BY GUARANTEE
LEGAL AND ADMINISTRATIVE INFORMATION**

| | | |
|----------------------------------|--|-------------------------------|
| Directors | Mr M D Laing | |
| | Mr T Dinozzi | (Appointed 23 May 2019) |
| | Mr A Forbes | |
| | Mr G Huggins | (Appointed 23 May 2019) |
| | Ms S L Irvine | |
| | Dr S Lynch | (Appointed 23 September 2020) |
| | Ms H D Munro | |
| | Ms H Stuart | (Appointed 23 September 2020) |
| | Ms E M Thomson | |
| Secretary | Ledingham Chalmers LLP | |
| Charity number (Scotland) | SC004780 | |
| Company number | SC070762 | |
| Auditor | Azets Audit Services 37 Albyn Place Aberdeen AB10 1JB | |

CORNERSTONE COMMUNITY CARE OPERATING AS CORNERSTONE COMPANY LIMITED BY GUARANTEE CONTENTS

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CORNERSTONE COMMUNITY CARE OPERATING AS CORNERSTONE COMPANY LIMITED BY GUARANTEE DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2020

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 2020.

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the charity's governing document, the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019)".

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

Strategic report

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

Achievements and performance

During 2019/20 Cornerstone continued to deliver a wide range of services and in March 2020 was providing services for approximately 3,000 individuals and their families.

**CORNERSTONE COMMUNITY CARE
OPERATING AS CORNERSTONE
COMPANY LIMITED BY GUARANTEE
DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2020**

Highlights include:

- the end of the test of our strategy 'Local Cornerstone' leading to a period of review to understand lessons learned and inform our future strategy and operating model.
- continued roll out of our ambitious technology project which allows front line staff to focus on the delivery of care and support through the use of accessible and fast technology.
- successfully tendered to provide a Shared Lives service in the Scottish Borders.
- opened a new community hub in Stonehaven which provides meaningful daytime activity, employment and training opportunities to adults with disabilities.
- took over the running of a fully accessible Bed and Breakfast facility in Stonehaven.
- generating income through the provision of external training via Cornerstone's training academy.
- continuing to operate the Big Lottery funded Growing Together project in Glasgow, supporting children with disabilities and their families.
- continued to expand our self-directed support service to nearly 600 customers.
- opened our New Peterhead Harbour Service for individuals with offending behaviours.
- joined the new Scotland Excel National Flexible Framework for services in Moray and East Dunbartonshire.
- entered into a new Voluntary Recognition Agreement with UNISON.
- received Care Inspectorate grade 6's (excellent) in our Baxter View, Castlecraigs Court and CLASP service.
- continued discussions with Scottish Borders on the development of a Complex Care Unit for individuals with complex needs and challenging behaviours.

Volunteering in Cornerstone

Cornerstone is immensely grateful for the support received from volunteers. During 2019/20, the combined effort of our volunteers has resulted in over 3,000 hours making a difference to the lives of people with disabilities across Scotland. This total was achieved by dedicated volunteers across many vital roles. From the leadership of our Board of Trustees, to our community volunteers and ambassadors to corporate partners. With the onset of the global pandemic we recognise the value that volunteers can bring to our Cornerstone Community and we look to strengthen this as we progress with our strategic plans from 2021 and beyond.

**CORNERSTONE COMMUNITY CARE
OPERATING AS CORNERSTONE
COMPANY LIMITED BY GUARANTEE
DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2020**

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.

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.

Coronavirus

With the arrival of the Coronavirus pandemic and the imposition of lockdown towards the end of March we undertook robust pandemic planning which included the suspension of non-essential services, limiting of movement of staff between services, purchasing and disbursement of additional PPE supplies and workforce planning in preparation for increased sickness absence. The organisation was well prepared, particularly with the roll out of our new technology, however we did not begin to feel the material impacts until the next financial year.

Financial review

2019/20 saw incoming resources increasing to £44.9m (2018/19 £42.6m). This growth included winning new contracts across Scotland.

The accounts show a deficit of £517,121 (2018/19 - £615,119). 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.

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.

**CORNERSTONE COMMUNITY CARE
OPERATING AS CORNERSTONE
COMPANY LIMITED BY GUARANTEE
DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2020**

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 2020 were £4.1 million of which £3.8 million were unrestricted reserves.

Principal Funding Sources

96.4% of the income is payments received from Health and Social Care Partnerships and others for the provision of social care services of which 4.6% relates to Self-Directed Support. The remaining 3.6% is from other sources including charitable fundraising, rental and trading income.

Investment Policy

The Resources Committee had previously considered that the most appropriate policy for investing funds was in a Managed Fund which best met the requirements for capital growth and income but the decision was made to dispose of the investments during the year.

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.

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.

**CORNERSTONE COMMUNITY CARE
OPERATING AS CORNERSTONE
COMPANY LIMITED BY GUARANTEE
DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2020**

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 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.

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.

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.

Cornerstone has been working with ARC Scotland on their involvement strategy. The Charter for Involvement is embedded throughout the organisation.

Following the end of the test period for our strategy, Local Cornerstone, we will spend time reviewing the outcome in order to inform future strategy and operating model for 2021 and beyond, ensuring that our strategy and operating model learns the lessons from the test period taking the successful elements into the future.

We will continue to ensure that the care of the people we support at the heart of what we do, delivered by an upskilled and valued workforce.

**CORNERSTONE COMMUNITY CARE
OPERATING AS CORNERSTONE
COMPANY LIMITED BY GUARANTEE
DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2020**

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.

| | |
|-----------------|-------------------------------|
| Mr M D Laing | |
| Mr A B Lockhart | (Resigned 15 July 2020) |
| Mr T Dinozzi | (Appointed 23 May 2019) |
| Mr J C Douglas | (Resigned 22 August 2019) |
| Ms Z Ferguson | (Resigned 23 May 2019) |
| Mr A Forbes | |
| Mr G Huggins | (Appointed 23 May 2019) |
| Ms S L Irvine | |
| Dr S Lynch | (Appointed 23 September 2020) |
| Ms H D Munro | |
| Mr R A Parkes | (Resigned 15 July 2020) |
| Mr C Pollock | (Resigned 16 July 2020) |
| Mr I J Robbie | (Resigned 26 May 2020) |
| Ms H Stuart | (Appointed 23 September 2020) |
| Ms E M Thomson | |
| Ms J R Tocher | (Resigned 15 July 2020) |

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.

Key management personnel

| | |
|---|-----------------|
| Chief Executive (to November 2019) | Edel B. Harris |
| Interim Chief Executive (from November 2019) | Hazel Brown |
| Leader of Exceptional Service (Quality) (to December 2019) | Hazel Brown |
| Leader of the Cornerstone Foundation (to March 2020) | Lisa Duthie |
| Leader of Exceptional Service (Cornerstone Central) | Mairi L. Martin |
| Interim Leader of Exceptional Service (Quality) (from January 2020) | Sara Murphy |
| Chief Finance Officer | Neil J. Gauld |

**CORNERSTONE COMMUNITY CARE
OPERATING AS CORNERSTONE
COMPANY LIMITED BY GUARANTEE
DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2020**

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. The Board currently has 9 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.

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 11 and 26 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.

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' report was approved by the Board of Directors.



Mr T Dimozzi

Director

15 March 2021

**CORNERSTONE COMMUNITY CARE
OPERATING AS CORNERSTONE
COMPANY LIMITED BY GUARANTEE
STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 MARCH 2020**

Directors' responsibilities statement

The directors, who also act as trustees for the charitable activities of Cornerstone, 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 directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that year.

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- 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 charity will continue in operation.

The directors are responsible for keeping adequate accounting records that 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 Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and the Companies Act 2006. 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.

CORNERSTONE COMMUNITY CARE OPERATING AS CORNERSTONE COMPANY LIMITED BY GUARANTEE INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND DIRECTORS OF CORNERSTONE COMMUNITY CARE

Opinion

We have audited the financial statements of Cornerstone Community Care (the 'charity') for the year ended 31 March 2020 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the notes to the financial statements, 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 2020 and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

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 directors' use of the covid 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.

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 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 our audit:

- the information given in the directors' report, which includes the directors' report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report included within the directors' report has been prepared in accordance with applicable legal requirements

**CORNERSTONE COMMUNITY CARE
OPERATING AS CORNERSTONE
COMPANY LIMITED BY GUARANTEE
INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE MEMBERS AND DIRECTORS OF CORNERSTONE COMMUNITY CARE**

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charity 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 in relation to which the Charities Accounts (Scotland) Regulations 2006 (as amended) require us to report to you if, in our opinion:

- adequate and proper 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 directors

As explained more fully in the statement of directors' responsibilities, the directors 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 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 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 Chapter 3 of Part 16 of the Companies Act 2006 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 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: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

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



**Kathleen Kirkland (Senior Statutory Auditor)
for and on behalf of Azets Audit Services
Statutory Auditor**

15 March 2021

37 Albyn Place
Aberdeen
AB10 1JB

Azets Audit Services is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under of section 1212 of the Companies Act 2006.

**CORNERSTONE COMMUNITY CARE
OPERATING AS CORNERSTONE
COMPANY LIMITED BY GUARANTEE
STATEMENT OF FINANCIAL ACTIVITIES
INCLUDING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2020**

| | | Unrestricted funds 2020 £ | Restricted funds 2020 £ | Total 2020 £ | Unrestricted funds 2019 £ | Restricted funds 2019 £ | Total 2019 £ |
|---|-------|------------------------------------|----------------------------------|--------------------|------------------------------------|----------------------------------|--------------------|
| | Notes | | | | | | |
| Income from: | | | | | | | |
| Donations and legacies | 3 | 122,779 | 639,721 | 762,500 | 116,195 | 607,910 | 724,105 |
| Charitable activities | 4 | 608,415 | 43,378,287 | 43,986,702 | 466,707 | 41,292,222 | 41,758,929 |
| Other trading activities | 5 | 96,039 | - | 96,039 | 135,222 | - | 135,222 |
| Investments | 6 | 7,329 | - | 7,329 | 7,730 | - | 7,730 |
| Total income | | 834,562 | 44,018,008 | 44,852,570 | 725,854 | 41,900,132 | 42,625,986 |
| Expenditure on: | | | | | | | |
| Raising funds | 7 | 119,927 | 257,693 | 377,620 | 126,951 | 278,599 | 405,550 |
| Charitable activities | 8 | 319,988 | 44,674,658 | 44,994,646 | 178,213 | 42,662,027 | 42,840,240 |
| Total resources expended | | 439,915 | 44,932,351 | 45,372,266 | 305,164 | 42,940,626 | 43,245,790 |
| Net gains on investments | 13 | 2,575 | - | 2,575 | 4,685 | - | 4,685 |
| Net incoming/(outgoing) resources before transfers | | 397,222 | (914,343) | (517,121) | 425,375 | (1,040,494) | (615,119) |
| Gross transfers between funds | | (865,624) | 865,624 | - | (998,017) | 998,017 | - |
| Net movement in funds | | (468,402) | (48,719) | (517,121) | (572,642) | (42,477) | (615,119) |
| Fund balances at 1 April 2019 | | 4,289,708 | 336,087 | 4,625,795 | 4,862,350 | 378,564 | 5,240,914 |
| Fund balances at 31 March 2020 | | 3,821,306 | 287,368 | 4,108,674 | 4,289,708 | 336,087 | 4,625,795 |

The statement of financial activities includes all gains and losses recognised in the year.


All income and expenditure derive from continuing activities.

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

**CORNERSTONE COMMUNITY CARE
OPERATING AS CORNERSTONE
COMPANY LIMITED BY GUARANTEE
BALANCE SHEET
AS AT 31 MARCH 2020**

| | Notes | 2020 £ | £ | 2019 £ | £ |
|--|-------|--------------------|------------------|--------------------|------------------|
| Fixed assets | | | | | |
| Intangible assets | 14 | - | - | 33,440 | |
| Tangible assets | 15 | 5,774,047 | | 5,805,237 | |
| Investments | 16 | - | - | 148,850 | |
| | | <u>5,774,047</u> | | <u>5,987,527</u> | |
| Current assets | | | | | |
| Debtors | 17 | 3,816,255 | | 5,396,345 | |
| Cash at bank and in hand | | 937,564 | | 1,770,331 | |
| | | <u>4,753,819</u> | | <u>7,166,676</u> | |
| Creditors: amounts falling due within one year | 19 | <u>(4,790,656)</u> | | <u>(6,678,603)</u> | |
| Net current (liabilities)/assets | | | (36,837) | | 488,073 |
| Total assets less current liabilities | | | 5,737,210 | | 6,475,600 |
| Creditors: amounts falling due after more than one year | 20 | | (1,628,536) | | (1,849,805) |
| Net assets | | | <u>4,108,674</u> | | <u>4,625,795</u> |
| Income funds | | | | | |
| Restricted funds | 22 | 287,368 | | 336,087 | |
| Unrestricted funds | 23 | <u>3,821,306</u> | | <u>4,289,708</u> | |
| | | <u>3,821,306</u> | | <u>4,289,708</u> | |
| | | <u>4,108,674</u> | | <u>4,625,795</u> | |

The financial statements were approved by the Directors on 15 March 2021.


Mr T Dinozzi
Director

Company Registration No. SC070762

**CORNERSTONE COMMUNITY CARE
OPERATING AS CORNERSTONE
COMPANY LIMITED BY GUARANTEE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2020**

| | Notes | 2020 £ | £ | 2019 £ | £ |
|--|-------|-----------|-----------|-----------|-------------|
| Cash flows from operating activities | | | | | |
| Cash absorbed by operations | 28 | | (352,952) | | (1,202,701) |
| Investing activities | | | | | |
| Purchase of intangible assets | | (15,840) | | (15,840) | |
| Purchase of tangible fixed assets | | (259,377) | | (246,420) | |
| Proceeds on disposal of investments | | 151,425 | | (3,419) | |
| Interest received | | 7,329 | | 7,730 | |
| Net cash used in investing activities | | | (116,463) | | (257,949) |
| Financing activities | | | | | |
| Repayment of borrowings | | (363,352) | | (308,337) | |
| Net cash used in financing activities | | | (363,352) | | (308,337) |
| Net decrease in cash and cash equivalents | | | (832,767) | | (1,768,987) |
| Cash and cash equivalents at beginning of year | | | 1,770,331 | | 3,539,318 |
| Cash and cash equivalents at end of year | | | 937,564 | | 1,770,331 |

**CORNERSTONE COMMUNITY CARE
OPERATING AS CORNERSTONE
COMPANY LIMITED BY GUARANTEE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

1 Accounting policies

Charity information

Cornerstone Community Care is a private company limited by guarantee incorporated in Scotland. The registered office is Johnstone House, 52-54 Rose Street, Aberdeen, AB10 1HA

1.1 Accounting convention

The financial statements have been prepared in accordance with the charity's governing document, the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019)". The charity is a Public Benefit Entity as defined by FRS 102.

The financial statements are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention except for investments which are included at market value. The principal accounting policies adopted are set out below.

1.2 Going concern

The financial statements have been prepared on the going concern basis. The directors have considered the anticipated level of income and expenditure over the next 12 months post signing of the financial statements taking into account the potential impact of Covid-19 and are of the opinion that the charitable company has adequate resources to continue in operational existence for the foreseeable future. They have also considered the level of funds held and the available bank facilities. The directors believe that the expected level of income and expenditure together with the level of reserves held is sufficient for the charity to continue as a going concern.

1.3 Charitable funds

Unrestricted funds are available for use at the discretion of the directors in furtherance of their charitable objectives.

Restricted funds are subject to specific conditions by donors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the financial statements.

1.4 Income

Income is recognised when the charity is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

Cash donations are recognised on receipt. Other donations are recognised once the charity has been notified of the donation, unless performance conditions require deferral of the amount. Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

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.

Legacies are recognised on receipt or otherwise if the charity has been notified of an impending distribution, the amount is known, and receipt is expected. If the amount is not known, the legacy is treated as a contingent asset.

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

Investment income is included when receivable.

**CORNERSTONE COMMUNITY CARE
OPERATING AS CORNERSTONE
COMPANY LIMITED BY GUARANTEE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2020**

1 Accounting policies

1.5 Expenditure

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 9.

1.6 Intangible fixed assets other than goodwill

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

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 |
|-------------------|--------------|

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 to reflect the new estimates.

1.7 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses. 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.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

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

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in net income/(expenditure) for the year.

1.8 Fixed asset investments

Fixed asset investments are initially measured at transaction price excluding transaction costs, and are subsequently measured at fair value at each reporting date. Changes in fair value are recognised in net income/(expenditure) for the year. Transaction costs are expensed as incurred.

**CORNERSTONE COMMUNITY CARE
OPERATING AS CORNERSTONE
COMPANY LIMITED BY GUARANTEE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2020**

1 Accounting policies

1.9 Impairment of fixed assets

At each reporting end date, the charity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

1.10 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.11 Financial instruments

The charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the charity's balance sheet when the charity becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at the cash or other consideration expected to be received and not discounted.

Basic financial liabilities

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price and are subsequently measured at the cash or other consideration expected to be paid and not discounted.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at the cash or other consideration expected to be paid and not discounted.

Derecognition of financial liabilities

Financial liabilities are derecognised when the charity's contractual obligations expire or are discharged or cancelled.

1.12 Employee benefits

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the charity is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

**CORNERSTONE COMMUNITY CARE
OPERATING AS CORNERSTONE
COMPANY LIMITED BY GUARANTEE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2020**

1 Accounting policies

1.13 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.14 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.

2 Critical accounting estimates and judgements

In the application of the charity's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

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 values 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.

3 Donations and legacies

| | Unrestricted funds | Restricted funds | Total | Unrestricted funds | Restricted funds | Total |
|---|-----------------------|---------------------|----------------|-----------------------|---------------------|----------------|
| | 2020 £ | 2020 £ | 2020 £ | 2019 £ | 2019 £ | 2019 £ |
| Donations | 122,779 | - | 122,779 | 116,195 | - | 116,195 |
| The Big Lottery Fund - Growing Together | - | 134,655 | 134,655 | - | 127,401 | 127,401 |
| Scottish Government | - | 171,815 | 171,815 | - | 163,698 | 163,698 |
| The Big Lottery Fund - Local Cornerstone | - | 279,936 | 279,936 | - | 207,676 | 207,676 |
| Donated goods and services | - | 5,703 | 5,703 | - | 18,324 | 18,324 |
| Trusts and other funders | - | 47,612 | 47,612 | - | 90,811 | 90,811 |
| | <u>122,779</u> | <u>639,721</u> | <u>762,500</u> | <u>116,195</u> | <u>607,910</u> | <u>724,105</u> |

**CORNERSTONE COMMUNITY CARE
OPERATING AS CORNERSTONE
COMPANY LIMITED BY GUARANTEE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2020**

4 Charitable activities

| | Total funds 2020 £ | Total funds 2019 £ |
|----------------------------|---------------------------------------|---------------------------------------|
| Operations | 39,051,753 | 37,137,508 |
| Employment & Training | 128,709 | 205,066 |
| Children & Family Services | 2,052,120 | 1,876,154 |
| Self Directed Support | 1,971,437 | 2,004,016 |
| Social Firm Activity | 77,597 | 63,460 |
| Rental Income | 530,818 | 403,247 |
| Other income | 159,156 | 67,178 |
| Community Justice Services | 15,112 | 2,300 |
| | 43,986,702 | 41,758,929 |
| Analysis by fund | | |
| Unrestricted funds | 608,415 | 466,707 |
| Restricted funds | 43,378,287 | 41,292,222 |
| | 43,986,702 | 41,758,929 |

5 Other trading activities

| | Unrestricted funds 2020 £ | Unrestricted funds 2019 £ |
|--------------------|--|--|
| Fundraising events | 96,039 | 135,222 |

**CORNERSTONE COMMUNITY CARE
OPERATING AS CORNERSTONE
COMPANY LIMITED BY GUARANTEE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2020**

6 Investments

| | Unrestricted funds | Unrestricted funds |
|--------------------------------|-----------------------|-----------------------|
| | 2020 £ | 2019 £ |
| Income from listed investments | 4,741 | 3,419 |
| Interest receivable | 2,588 | 4,311 |
| | <u>7,329</u> | <u>7,730</u> |

7 Raising funds

| | Unrestricted funds | Restricted funds | Total | Unrestricted funds | Restricted funds | Total |
|---------------------------------|-----------------------|---------------------|----------------|-----------------------|---------------------|----------------|
| | 2020 £ | 2020 £ | 2020 £ | 2019 £ | 2019 £ | 2019 £ |
| <u>Cost of voluntary income</u> | | | | | | |
| Premises costs | 6,106 | 31,817 | 37,923 | 5,774 | 30,207 | 35,981 |
| Sundry costs | 7,376 | 38,432 | 45,808 | 7,321 | 38,305 | 45,626 |
| Staff costs | 35,975 | 187,444 | 223,419 | 40,156 | 210,087 | 250,243 |
| | <u>49,457</u> | <u>257,693</u> | <u>307,150</u> | <u>53,251</u> | <u>278,599</u> | <u>331,850</u> |
| <u>Fundraising events</u> | | | | | | |
| Premises costs | 4,777 | - | 4,777 | 6,719 | - | 6,719 |
| Staff costs | 28,140 | - | 28,140 | 46,731 | - | 46,731 |
| Sundry costs | 5,770 | - | 5,770 | 8,520 | - | 8,520 |
| Events costs | 31,783 | - | 31,783 | 11,730 | - | 11,730 |
| | <u>70,470</u> | <u>-</u> | <u>70,470</u> | <u>73,700</u> | <u>-</u> | <u>73,700</u> |
| | <u>119,927</u> | <u>257,693</u> | <u>377,620</u> | <u>126,951</u> | <u>278,599</u> | <u>405,550</u> |

**CORNERSTONE COMMUNITY CARE
OPERATING AS CORNERSTONE
COMPANY LIMITED BY GUARANTEE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2020**

8 Charitable activities

| | Total funds 2020 £ | Total funds 2019 £ |
|--|---------------------------------------|---------------------------------------|
| Staff costs | 36,103,383 | 33,159,525 |
| Premises costs | 1,284,514 | 1,195,442 |
| Provisions | 197,932 | 221,952 |
| Fundraising purchases | 106,392 | 65,954 |
| Donated goods and services | 5,703 | 18,324 |
| Sundry costs | 3,673,747 | 4,160,859 |
| | <u>41,371,671</u> | <u>38,822,056</u> |
| Share of support costs (see note 9) | 3,582,740 | 3,968,856 |
| Share of governance costs (see note 9) | 40,235 | 49,328 |
| | <u>44,994,646</u> | <u>42,840,240</u> |
| Analysis by fund | | |
| Unrestricted funds | 319,988 | 178,213 |
| Restricted funds | 44,674,658 | 42,662,027 |
| | <u>44,994,646</u> | <u>42,840,240</u> |

**CORNERSTONE COMMUNITY CARE
OPERATING AS CORNERSTONE
COMPANY LIMITED BY GUARANTEE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2020**

9 Support costs

| | Support costs | Governance costs | 2020 | | Governance costs | 2019 |
|---|----------------------|-------------------------|------------------|------------------|-------------------------|------------------|
| | £ | £ | £ | £ | £ | £ |
| Staff costs | 1,999,925 | - | 1,999,925 | 2,098,055 | - | 2,098,055 |
| Premises costs | 189,417 | - | 189,417 | 98,241 | - | 98,241 |
| Provisions | 6,721 | - | 6,721 | 10,352 | - | 10,352 |
| Sundry costs | 1,386,677 | - | 1,386,677 | 1,762,208 | - | 1,762,208 |
| Audit fees | - | 30,300 | 30,300 | - | 27,600 | 27,600 |
| Legal and professional | - | - | - | - | 12,940 | 12,940 |
| Annual report and AGM | - | 6,554 | 6,554 | - | 5,468 | 5,468 |
| Sundry costs | - | 3,381 | 3,381 | - | 3,320 | 3,320 |
| | <u>3,582,740</u> | <u>40,235</u> | <u>3,622,975</u> | <u>3,968,856</u> | <u>49,328</u> | <u>4,018,184</u> |
| Analysed between Charitable activities | <u>3,582,740</u> | <u>40,235</u> | <u>3,622,975</u> | <u>3,968,856</u> | <u>49,328</u> | <u>4,018,184</u> |

Governance costs includes payments to the auditors of £30,300 (2019 - £27,600) for audit fees.

10 Net (expenditure)/income

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

| | 2020 | 2019 |
|---------------------------------------|--------------|--------------|
| | £ | £ |
| Amortisation of intangible assets | 49,280 | 28,160 |
| Depreciation of tangible fixed assets | 290,567 | 233,794 |
| Land and buildings lease costs | 465,955 | 435,789 |
| Plant and machinery lease costs | 137,880 | 33,430 |
| Interest and similar charges payable | 85,317 | 101,897 |
| Indemnity insurance | 13,952 | 19,499 |
| Audit of the annual accounts | 23,000 | 21,000 |
| Other non-audit services | <u>7,300</u> | <u>6,600</u> |

11 Directors

None of the directors (or any persons connected with them) received any remuneration or benefits for their duties as trustees of the charity (2019 – Nil).

There are 2 employees who were appointed as directors of the charity in 2017. They received the following remuneration as employees of the charity. S. Irvine received a salary of £32,636 (2019 - £38,031) and employer pension contributions of £1,252 (2019 - £921) and A. Forbes received a salary of £29,674 (2019 - £27,678) and employer pension contributions of £585 (2019 – Nil).

Travel and subsistence costs of £2,589 (2019 - £501) in total were reimbursed to 4 (2019 - 3) directors.

**CORNERSTONE COMMUNITY CARE
OPERATING AS CORNERSTONE
COMPANY LIMITED BY GUARANTEE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2020**

12 Employees

The average monthly number of employees during the year was 2,028 (2019: 2,007)

| | 2020 Number | 2019 Number |
|---------------------------------|------------------------|------------------------|
| Support staff | 1,595 | 1,555 |
| Training and SVQ staff | 13 | 11 |
| Office and administration staff | 77 | 78 |
| Social firm staff | 7 | 8 |
| Relief staff | 336 | 355 |
| Total | 2,028 | 2,007 |

| Employment costs | 2020 £ | 2019 £ |
|-------------------------|-------------------|-------------------|
| Wages and salaries | 34,722,903 | 32,477,434 |
| Social security costs | 2,605,986 | 2,297,287 |
| Other pension costs | 936,473 | 714,991 |
| | 38,265,362 | 35,489,712 |

In addition to staff costs noted above, are redundancy costs of £89,504 (2019- £64,843).

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 £462,110 (2019 - £459,537).

Banding

The number of employees whose annual remuneration was £60,000 or more were:

| | 2020 Number | 2019 Number |
|----------------------|------------------------|------------------------|
| £60,000 to £69,999 | 1 | 1 |
| £70,000 to £79,999 | 3 | 2 |
| £80,000 to £89,999 | 1 | - |
| £100,000 to £109,999 | - | 1 |

**CORNERSTONE COMMUNITY CARE
OPERATING AS CORNERSTONE
COMPANY LIMITED BY GUARANTEE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2020**

13 Net gains/(losses) on investments

| | Unrestricted funds | Unrestricted funds |
|---------------------------------|-------------------------------|-------------------------------|
| | 2020 | 2019 |
| | £ | £ |
| Gain on disposal of investments | <u>2,575</u> | <u>4,685</u> |

14 Intangible fixed assets

| | Software licenses £ |
|------------------------------------|--------------------------------|
| Cost | |
| At 1 April 2019 | 84,480 |
| Additions - separately acquired | <u>15,840</u> |
| At 31 March 2020 | <u>100,320</u> |
| Amortisation and impairment | |
| At 1 April 2019 | 51,040 |
| Amortisation charged for the year | <u>49,280</u> |
| At 31 March 2020 | <u>100,320</u> |
| Carrying amount | |
| At 31 March 2020 | <u>-</u> |
| At 31 March 2019 | <u>33,440</u> |

**CORNERSTONE COMMUNITY CARE
OPERATING AS CORNERSTONE
COMPANY LIMITED BY GUARANTEE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2020**

15 Tangible fixed assets

| | Property £ | Property improvements £ | Fixtures and fittings £ | Motor vehicles £ | Total £ |
|------------------------------------|---------------|-------------------------------|-------------------------------|------------------------|------------|
| Cost | | | | | |
| At 1 April 2019 | 6,324,921 | 501,413 | 470,741 | 67,835 | 7,364,910 |
| Additions | 52,490 | 111,375 | 95,512 | - | 259,377 |
| At 31 March 2020 | 6,377,411 | 612,788 | 566,253 | 67,835 | 7,624,287 |
| Depreciation and impairment | | | | | |
| At 1 April 2019 | 774,352 | 313,278 | 423,698 | 48,345 | 1,559,673 |
| Depreciation charged in the year | 126,821 | 113,441 | 38,482 | 11,823 | 290,567 |
| At 31 March 2020 | 901,173 | 426,719 | 462,180 | 60,168 | 1,850,240 |
| Carrying amount | | | | | |
| At 31 March 2020 | 5,476,238 | 186,069 | 104,073 | 7,667 | 5,774,047 |
| At 31 March 2019 | 5,550,569 | 188,135 | 47,043 | 19,490 | 5,805,237 |

Capital commitments

Capital commitments contracted for, but not provided in the financial statements at 31 March 2020 - £200,000 (2019 - £-).

16 Fixed asset investments

| | Listed investments £ |
|--------------------------|----------------------------|
| Cost or valuation | |
| At 1 April 2019 | 148,850 |
| Disposals | (148,850) |
| At 31 March 2020 | - |
| Carrying amount | |
| At 31 March 2020 | - |
| At 31 March 2019 | 148,850 |

All listed investments were disposed of during the year.

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.

**CORNERSTONE COMMUNITY CARE
OPERATING AS CORNERSTONE
COMPANY LIMITED BY GUARANTEE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2020**

17 Debtors

| | 2020 | 2019 |
|---|------------------|------------------|
| | £ | £ |
| Amounts falling due within one year: | | |
| Other debtors | 3,660,937 | 5,234,061 |
| Prepayments and accrued income | 155,318 | 162,284 |
| | <u>3,816,255</u> | <u>5,396,345</u> |

18 Loans and overdrafts

| | 2020 | 2019 |
|---|------------------|------------------|
| | £ | £ |
| Other loans | 1,393,157 | 1,756,509 |
| Payable within one year | 392,110 | 562,239 |
| Payable after one year | 1,001,047 | 1,194,270 |
| | <u>1,393,157</u> | <u>1,756,509</u> |
| Loans commitments | | |
| Due in one year or less | 392,110 | 562,239 |
| Due in more than one year but not more than two years | 257,560 | 267,848 |
| Due in more than two years but not more than five years | 540,291 | 652,615 |
| Due in more than five years | 203,196 | 273,807 |
| | <u>1,393,157</u> | <u>1,756,509</u> |

**CORNERSTONE COMMUNITY CARE
OPERATING AS CORNERSTONE
COMPANY LIMITED BY GUARANTEE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2020**

18 Loans and overdrafts

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 2020 was £162,000.

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 2020 was £33,313.

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 2020 was £11,516.

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 2020 was £102,500.

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 was refinanced during the year. The loan now bears interest at 2.25% above the Bank's Base Rate. The amount outstanding at 31 March 2020 was £96,345.

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 2020 was £402,923.

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 2020 was £415,280.

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 2020 was £169,280.

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.

**CORNERSTONE COMMUNITY CARE
OPERATING AS CORNERSTONE
COMPANY LIMITED BY GUARANTEE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2020**

19 Creditors: amounts falling due within one year

| | 2020 | 2019 |
|------------------------------------|------------------|------------------|
| | £ | £ |
| Borrowings | 392,110 | 562,239 |
| Other taxation and social security | 588,427 | 516,407 |
| Other creditors | 2,635,971 | 3,600,470 |
| Accruals and deferred income | 1,174,148 | 1,999,487 |
| | <u>4,790,656</u> | <u>6,678,603</u> |

20 Creditors: amounts falling due after more than one year

| | 2020 | 2019 |
|-----------------|------------------|------------------|
| | £ | £ |
| Borrowings | 1,001,047 | 1,194,270 |
| Other creditors | 627,489 | 655,535 |
| | <u>1,628,536</u> | <u>1,849,805</u> |

21 Retirement benefit schemes

Defined contribution schemes

The charity operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the charity in an independently administered fund.

The charge to profit or loss in respect of defined contribution schemes was £936,473 (2019 - £714,991).

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22 Restricted funds

The income funds of the charity include restricted funds comprising the following unexpended balances of donations and grants held on trust for specific purposes:

| | Balance at 1 April 2018 £ | Movement in funds | | | Balance at 1 April 2019 £ | Movement in funds | | | Transfers £ | Balance at 31 March 2020 £ |
|-------------------------------|---------------------------------|----------------------------|----------------------------|----------------|---------------------------------|----------------------------|----------------------------|----------------|----------------|----------------------------------|
| | | Incoming resources £ | Resources expended £ | Transfers £ | | Incoming resources £ | Resources expended £ | Transfers £ | | |
| Operations and other services | - | 41,292,222 | (42,662,027) | 1,369,805 | - | 43,378,287 | (44,674,658) | 1,296,371 | - | - |
| General fund | 319,173 | 607,910 | (278,599) | (336,850) | 311,634 | 639,721 | (257,693) | (430,747) | 262,915 | 262,915 |
| Jigsaw (Helensburgh) fund | 59,391 | - | - | (34,938) | 24,453 | - | - | - | 24,453 | 24,453 |
| | <u>378,564</u> | <u>41,900,132</u> | <u>(42,940,626)</u> | <u>998,017</u> | <u>336,087</u> | <u>44,018,008</u> | <u>(44,932,351)</u> | <u>865,624</u> | <u>287,368</u> | |

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.

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23 Unrestricted funds

| | Balance at 1 April 2018 | Movement in funds | | | | Balance at 1 April 2019 | Movement in funds | | | | Balance at 31 March 2020 |
|----------------------------|----------------------------|-----------------------|-----------------------|-------------|--------------------------------------|----------------------------|-----------------------|-----------------------|-------------|--------------------------------------|-----------------------------|
| | £ | Incoming resources | Resources expended | Transfers | Revaluations, gains and losses | | Incoming resources | Resources expended | Transfers | Revaluations, gains and losses | |
| | £ | £ | £ | £ | £ | £ | £ | £ | £ | £ | £ |
| General funds | 1,075,921 | 725,854 | (305,164) | (1,283,907) | 4,685 | 217,389 | 834,562 | (439,915) | (1,083,220) | 2,575 | (468,609) |
| Designated capital fund | 3,786,429 | - | - | 285,890 | - | 4,072,319 | - | - | 217,596 | - | 4,289,915 |
| | 4,862,350 | 725,854 | (305,164) | (998,017) | 4,685 | 4,289,708 | 834,562 | (439,915) | (865,624) | 2,575 | 3,821,306 |

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24 Analysis of net assets between funds

| | Unrestricted funds 2020 £ | Restricted funds 2020 £ | Total 2020 £ | Unrestricted funds 2019 £ | Restricted funds 2019 £ | Total 2019 £ |
|--|------------------------------------|----------------------------------|--------------------|------------------------------------|----------------------------------|--------------------|
| Fund balances at 31 March 2020 are represented by: | | | | | | |
| Intangible fixed assets | - | - | - | 33,440 | - | 33,440 |
| Tangible assets | 5,774,047 | - | 5,774,047 | 5,805,237 | - | 5,805,237 |
| Investments | - | - | - | 148,850 | - | 148,850 |
| Current assets/(liabilities) | (324,205) | 287,368 | (36,837) | 151,986 | 336,087 | 488,073 |
| Long term liabilities | (1,628,536) | - | (1,628,536) | (1,849,805) | - | (1,849,805) |
| | <u>3,821,306</u> | <u>287,368</u> | <u>4,108,674</u> | <u>4,289,708</u> | <u>336,087</u> | <u>4,625,795</u> |

25 Operating lease commitments

At the reporting end date the charity had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

| | 2020 £ | 2019 £ |
|----------------------------|------------------|------------------|
| Within one year | 364,561 | 313,430 |
| Between two and five years | 773,116 | 685,371 |
| In over five years | 329,125 | 422,125 |
| | <u>1,466,802</u> | <u>1,420,926</u> |

26 Related party transactions

There were no disclosable related party transactions during the year. During the year ended 31 March 2019, the charity received services amounting to £34,568 from Ledingham Chalmers LLP. Malcolm Laing is a director of Cornerstone and in the year ended 31 March 2019 was a consultant and former partner in Ledingham Chalmers LLP. In the 2019 year, the company also received services amounting to £133,730 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.

27 Limited by Guarantee

The company is limited by guarantee not exceeding £1 per member. At 31 March 2020 there were 29 members (2019 - 36).

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| | | | | |
|-----------|---|----------------------------|-------------------|-----------------------------|
| 28 | Cash generated from operations | | 2020 | 2019 |
| | | | £ | £ |
| | Deficit for the year | | (517,121) | (615,119) |
| | Adjustments for: | | | |
| | Investment income recognised in statement of financial activities | | (7,329) | (7,730) |
| | Depreciation of tangible fixed assets | | 290,567 | 233,794 |
| | Amortisation of intangible assets | | 49,280 | 28,160 |
| | Fair value gains and losses on investments | | (2,575) | (4,685) |
| | Movements in working capital: | | | |
| | Decrease in debtors | | 1,580,090 | 39,550 |
| | (Decrease) in creditors | | (1,745,864) | (876,671) |
| | Cash absorbed by operations | | (352,952) | (1,202,701) |
| 29 | Analysis of changes in net debt | | | |
| | | At 1 April 2019 | Cash flows | At 31 March 2020 |
| | | £ | £ | £ |
| | Cash at bank and in hand | 1,770,331 | (832,767) | 937,564 |
| | Loans falling due within one year | (562,239) | 170,129 | (392,110) |
| | Loans falling due after more than one year | (1,194,270) | 193,223 | (1,001,047) |
| | | <u>13,822</u> | <u>(469,415)</u> | <u>(455,593)</u> |
| 30 | Contingent liability | | | |

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 charges 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.