

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 2021**

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

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<b>Directors</b>	Mr M D Laing	
	Mr T Dinozzi	
	Mr A Forbes	
	Mr G Huggins	
	Ms S L Irvine	
	Ms H D Munro	
	Dr S Lynch	(Appointed 23 September 2020)
	Mrs H L Stuart	(Appointed 23 September 2020)
	Mr P Bailey	(Appointed 27 January 2021)
	Mr R M Kay	(Appointed 17 October 2021)
	Mr A Murray	(Appointed 17 October 2021)
	Mr R Webster	(Appointed 17 October 2021)
	Ms S Park	(Appointed 17 February 2022)

**Secretary** Ledingham Chalmers LLP

**Charity number (Scotland)** SC004780

**Company number** SC070762

**Auditor** Azets Audit Services  
37 Albyn Place  
Aberdeen  
United Kingdom  
AB10 1JB

**CORNERSTONE COMMUNITY CARE  
OPERATING AS CORNERSTONE  
COMPANY LIMITED BY GUARANTEE  
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# **CORNERSTONE COMMUNITY CARE OPERATING AS CORNERSTONE COMPANY LIMITED BY GUARANTEE DIRECTORS' REPORT**

***FOR THE YEAR ENDED 31 MARCH 2021***

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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 2021.

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 on achievements and performance and financial review form the strategic report of the charity.

## **Achievements and performance**

During 2020/21 Cornerstone continued to deliver a wide range of services and in March 2021 was providing services for over 2,500 individuals and their families.

# **CORNERSTONE COMMUNITY CARE OPERATING AS CORNERSTONE COMPANY LIMITED BY GUARANTEE DIRECTORS' REPORT**

***FOR THE YEAR ENDED 31 MARCH 2021***

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Highlights include:

- we completed our review of our strategy 'Local Cornerstone' allowing us to understand what worked well and what didn't work well. This has informed our new strategy 'Futureproofing Cornerstone' and our operating model.
- continued roll out of our extensive technology project which is aimed to allow front line staff to focus on the delivery of care and support through the use of accessible and fast technology.
- continued to increase the people we support at Bessie Dunlop Court in North Ayrshire. This service supports people within their own tenancy in their local community.
- during this reporting period, whilst the pandemic was at its peak, we maintained robust infection control protocols and we were proud to report low transmission rates within our services, keeping people safe from infection.
- adapted and changed support mechanisms for services which could not operate due to the pandemic. For example, delivering home support rather than day service and providing check-in calls for people who were not receiving their usual service.
- successfully adopted MS Teams across the whole workforce after a few challenges and previous attempts.
- continued to expand our self-directed support service to nearly 700 customers.
- supported people when shielding ended which permitted them to be reunited with families, friends, and loved ones for the first time in a year.
- opened our new state of the art Hub in Airdrie, North Lanarkshire offering flexible training space, conference space, breakout, and meeting rooms to provide care and support to people with disabilities within the community.
- Continuing to work closely with Unison, working towards a partnership forum promoting Fair Work practices.
- 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. Owing to the Coronavirus pandemic volunteering opportunities in both operations and fundraising were severely restricted during 2020/21. We continue to be grateful to our Board of Trustees, all of whom volunteer their services and support.

# **CORNERSTONE COMMUNITY CARE OPERATING AS CORNERSTONE COMPANY LIMITED BY GUARANTEE DIRECTORS' REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 MARCH 2021**

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## **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 silver 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 intranet and video 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. The Forum met more frequently during 2020/21, virtually in line with government regulations.

There are two employees who are directors of the charity.

## **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 is an 'Employer Confident' within the Disability Confident scheme, previously 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, where possible, are retained in their existing posts or, where possible, re-trained for suitable alternative posts.

## **Coronavirus**

With the arrival of the Coronavirus pandemic in early 2020 followed by the imposition of lockdown in March 2020, 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. Cornerstone has continued to deliver services and support during the extended pandemic, responding to new measures quickly and appropriately. A staff working group was convened to respond and react to changing requirements and to keep staff updated and informed.

## **Financial review**

2020/21 saw incoming resources reducing to £43.5m (2019/20 £44.9m). The reduction was as a result of reduced services for children totalling £1.1m, a reduction in fundraising income from events due to the pandemic restrictions, and two social enterprise cafes that were closed due to the pandemic.

The accounts show a deficit of £13,180 (2019/20 - £517,121). The small deficit reflects Cornerstone's actions taken during the year to reduce expenditure in response to reduced income levels.

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.

With the introduction of the team member rate, in excess of the SLW, services continue to experience funding pressures. This will be addressed from April 2022 with the introduction of the adult social care hourly rate of £10.50 per hour. Cornerstone took the decision to include children's services at this increased hourly rate. 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.

In December 2021 Cornerstone received a grant from Scottish Government totalling £1,150,000 to help alleviate financial pressures during the winter months 2021/22.

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# **CORNERSTONE COMMUNITY CARE OPERATING AS CORNERSTONE COMPANY LIMITED BY GUARANTEE DIRECTORS' REPORT (CONTINUED)**

***FOR THE YEAR ENDED 31 MARCH 2021***

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## **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 2021 were £4.1 million of which £3.8 million were unrestricted reserves.

## **Principal Funding Sources**

97.2% of the income is payments received from Health and Social Care Partnerships and others for the provision of social care services of which 4.1% relates to Self-Directed Support. The remaining 2.8% 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 requirement for capital growth and income, but the decision was made to dispose of the investments during 2019/20.

## **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 without compromising on the quality of support we provide. 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 2021**

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## **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.

### *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.

Following the end of the test period for our strategy, Local Cornerstone, we spent time reviewing the outcome in order to inform future strategy and operating model for 2021 and beyond, ensuring that our strategy and operating model learn the lessons from the test period and taking the successful elements into the future. A new strategy 'Future-proofing Cornerstone' was launched in August 2021. Our new strategy looks to build upon our success and expertise and sets a refined vision for the organisation supported by three main strategic aims; 1) to be an expert provider of services to people with learning disabilities, autism, and complex care needs, 2) To be the best employer in social care in Scotland, and 3) to achieve stability and sustainability which supports future developments.

We will continue to ensure that care of the people we support is 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 2021***

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**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	
Mr A Forbes	
Mr G Huggins	
Ms S L Irvine	
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 E M Thomson	(Resigned 20 December 2021)
Ms J R Tocher	(Resigned 15 July 2020)
Dr S Lynch	(Appointed 23 September 2020)
Mrs H L Stuart	(Appointed 23 September 2020)
Mr P Bailey	(Appointed 27 January 2021)
Mr R M Kay	(Appointed 17 October 2021)
Mr A Murray	(Appointed 17 October 2021)
Mr R Webster	(Appointed 17 October 2021)
Ms S Park	(Appointed 17 February 2022)

**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 health care professionals and individuals with particular relevant skills and experience.

# **CORNERSTONE COMMUNITY CARE OPERATING AS CORNERSTONE COMPANY LIMITED BY GUARANTEE DIRECTORS' REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 MARCH 2021**

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## **Key Management Personnel**

Chief Executive	Hazel Brown
Leader of Exceptional Service (Quality) – until 03 August 2020	Sara Murphy
Leader of the Cornerstone Foundation – until 16 April 2020	Lisa Duthie
Leader of Exceptional Services – until 31 May 2020	Mairi Martin
Chief Finance Officer – until 29 January 2021	Neil Gauld
Chief Finance Officer – from 05 January 2021 until 23 April 2021	Gordon Slessor
Director of Delivery (North) – from 04 August 2020	Sara Murphy
Director of Delivery (South) – from 01 September 2020	Kenneth Stirling
Director of Development – from 18 January 2021	Jayne Findlay
Director of Finance – from 16 August 2021	Lynn Wallace
Director of People & Culture – from 02 November 2020	Marie Hernandez

## **Organisational Structure**

Cornerstone has a Board of Directors who meet five times per year and are responsible for the strategic direction and overall governance of the charity. The Board currently has 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.

## **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 12 and 25 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.

**CORNERSTONE COMMUNITY CARE  
OPERATING AS CORNERSTONE  
COMPANY LIMITED BY GUARANTEE  
DIRECTORS' REPORT (CONTINUED)**

***FOR THE YEAR ENDED 31 MARCH 2021***

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**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 Dinozzi

Director

Dated: 24 March 2022

**CORNERSTONE COMMUNITY CARE  
OPERATING AS CORNERSTONE  
COMPANY LIMITED BY GUARANTEE  
STATEMENT OF DIRECTORS' RESPONSIBILITIES**

***FOR THE YEAR ENDED 31 MARCH 2021***

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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 DIRECTORS OF CORNERSTONE COMMUNITY CARE**

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### **Opinion**

We have audited the financial statements of Cornerstone Community Care (the 'charity') for the year ended 31 March 2021 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the notes to the financial statements, including 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 2021 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**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

### **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 contained within the annual report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

**CORNERSTONE COMMUNITY CARE  
OPERATING AS CORNERSTONE  
COMPANY LIMITED BY GUARANTEE  
INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

**TO THE DIRECTORS OF CORNERSTONE COMMUNITY CARE**

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**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.

**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 included within the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended) requires 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 is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

**CORNERSTONE COMMUNITY CARE  
OPERATING AS CORNERSTONE  
COMPANY LIMITED BY GUARANTEE  
INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

**TO THE DIRECTORS OF CORNERSTONE COMMUNITY CARE**

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**Extent to which the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above and on the Financial Reporting Council's website, to detect material misstatements in respect of irregularities, including fraud.

We obtain and update our understanding of the entity, its activities, its control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the entity is complying with that framework. Based on this understanding, we identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. This includes consideration of the risk of acts by the entity that were contrary to applicable laws and regulations, including fraud.

In response to the risk of irregularities and non-compliance with laws and regulations, including fraud, we designed procedures which included:

- Enquiry of management and those charged with governance around actual and potential litigation and claims as well as actual, suspected and alleged fraud;
- Reviewing minutes of meetings of those charged with governance;
- Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the entity through enquiry and inspection;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management bias and override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for indicators of potential bias.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

**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**

24 March 2022

37 Albyn Place  
Aberdeen  
United Kingdom  
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 2021**

	Note	Unrestricted funds 2021 £	Restricted funds 2021 £	Total 2021 £	Unrestricted funds 2020 £	Restricted funds 2020 £	Total 2020 £
<b>Income from:</b>							
Donations and legacies	3	270,128	270,045	540,173	122,779	639,721	762,500
Charitable activities	4	534,976	42,473,005	43,007,981	608,415	43,378,287	43,986,702
Other trading activities	5	62	-	62	96,039	-	96,039
Investments	6	1,304	-	1,304	7,329	-	7,329
<b>Total income</b>		<b>806,470</b>	<b>42,743,050</b>	<b>43,549,520</b>	<b>834,562</b>	<b>44,018,008</b>	<b>44,852,570</b>
<b>Expenditure on:</b>							
Raising funds	7	157,851	157,767	315,618	119,927	257,693	377,620
Charitable activities	8	270,945	42,976,137	43,247,082	319,988	44,674,658	44,994,646
<b>Total resources expended</b>		<b>428,796</b>	<b>43,133,904</b>	<b>43,562,700</b>	<b>439,915</b>	<b>44,932,351</b>	<b>45,372,266</b>
Net gains/(losses) on investments	14	-	-	-	2,575	-	2,575
<b>Net incoming/(outgoing) resources before transfers</b>		<b>377,674</b>	<b>(390,854)</b>	<b>(13,180)</b>	<b>397,222</b>	<b>(914,343)</b>	<b>(517,121)</b>
Gross transfers between funds		(382,350)	382,350	-	(865,624)	865,624	-
<b>Net movement in funds</b>		<b>(4,676)</b>	<b>(8,504)</b>	<b>(13,180)</b>	<b>(468,402)</b>	<b>(48,719)</b>	<b>(517,121)</b>
Fund balances at 1 April 2020		3,821,306	287,368	4,108,674	4,289,708	336,087	4,625,795
<b>Fund balances at 31 March 2021</b>		<b>3,816,630</b>	<b>278,864</b>	<b>4,095,494</b>	<b>3,821,306</b>	<b>287,368</b>	<b>4,108,674</b>

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 2021**

	Notes	2021 £	£	2020 £	£
<b>Fixed assets</b>					
Tangible assets	15		5,697,813		5,774,047
<b>Current assets</b>					
Debtors	16	3,936,248		3,816,255	
Cash at bank and in hand		1,839,747		937,564	
		5,775,995		4,753,819	
<b>Creditors: amounts falling due within one year</b>	18	(6,035,407)		(4,790,656)	
Net current liabilities			(259,412)		(36,837)
<b>Total assets less current liabilities</b>			5,438,401		5,737,210
<b>Creditors: amounts falling due after more than one year</b>	19		(1,342,907)		(1,628,536)
<b>Net assets</b>			4,095,494		4,108,674
<b>Income funds</b>					
Restricted funds	21		278,864		287,368
Unrestricted funds	22	3,816,630		3,821,306	
			3,816,630		3,821,306
			4,095,494		4,108,674

The financial statements were approved by the Directors on 24 March 2022

  
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 2021**

	Notes	2021 £	£	2020 £	£
<b>Cash flows from operating activities</b>					
Cash inflowed/ (absorbed) by operations	27		1,438,643		(352,952)
<b>Investing activities</b>					
Purchase of intangible assets		-		(15,840)	
Purchase of tangible fixed assets		(396,416)		(259,377)	
Proceeds on disposal of tangible fixed assets		183,047		-	
Proceeds on disposal of investments		-		151,425	
Interest received		1,304		7,329	
<b>Net cash used in investing activities</b>			(212,065)		(116,463)
<b>Financing activities</b>					
Repayment of borrowings		(324,395)		(363,352)	
<b>Net cash used in financing activities</b>			(324,395)		(363,352)
<b>Net increase/ (decrease) in cash and cash equivalents</b>			902,183		(832,767)
Cash and cash equivalents at beginning of year			937,564		1,770,331
<b>Cash and cash equivalents at end of year</b>			1,839,747		937,564

# **CORNERSTONE COMMUNITY CARE OPERATING AS CORNERSTONE COMPANY LIMITED BY GUARANTEE NOTES TO THE FINANCIAL STATEMENTS**

## **FOR THE YEAR ENDED 31 MARCH 2021**

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### **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 applicable accounting standards and comply with 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. 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 2021**

---

**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 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.

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.

**1.7 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).

**1.8 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.

**CORNERSTONE COMMUNITY CARE  
OPERATING AS CORNERSTONE  
COMPANY LIMITED BY GUARANTEE  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 MARCH 2021**

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**1 Accounting policies**

**1.9 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 amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

***Basic financial liabilities***

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

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 amortised cost using the effective interest method.

***Derecognition of financial liabilities***

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

**1.10 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.

**1.11 Retirement benefits**

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

**1.12 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 lease term.

**CORNERSTONE COMMUNITY CARE  
OPERATING AS CORNERSTONE  
COMPANY LIMITED BY GUARANTEE  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 MARCH 2021**

**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
	2021 £	2021 £	2021 £	2020 £	2020 £	2020 £
Donations	47,302	-	47,302	122,779	-	122,779
Legacies receivable	222,826	-	222,826	-	-	-
The Big Lottery Fund - Growing Together	-	41,310	41,310	-	134,655	134,655
Scottish Government	-	132,810	132,810	-	171,815	171,815
The Big Lottery Fund - Local Cornerstone	-	18,474	18,474	-	279,936	279,936
Donated goods and services	-	19,213	19,213	-	5,703	5,703
Trusts and other funders	-	58,238	58,238	-	47,612	47,612
	<u>270,128</u>	<u>270,045</u>	<u>540,173</u>	<u>122,779</u>	<u>639,721</u>	<u>762,500</u>

**CORNERSTONE COMMUNITY CARE  
OPERATING AS CORNERSTONE  
COMPANY LIMITED BY GUARANTEE  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 MARCH 2021**

**4 Charitable activities**

	<b>Total funds</b>	<b>Total funds</b>
	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Operations	38,142,593	39,051,753
Employment & Training	20,143	128,709
Children & Family Services	1,529,466	2,052,120
Self Directed Support	1,721,821	1,971,437
Social Firm Activity	24,408	77,597
Rental Income	510,568	530,818
Other income	132,151	159,156
Community Justice Services	-	15,112
Covid grants	926,831	-
	<u>43,007,981</u>	<u>43,986,702</u>
Analysis by fund		
Unrestricted funds	534,976	608,415
Restricted funds	<u>42,473,005</u>	<u>43,378,287</u>
	<u>43,007,981</u>	<u>43,986,702</u>

**5 Other trading activities**

	<b>Unrestricted funds</b>	<b>Unrestricted funds</b>
	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Fundraising events	<u>62</u>	<u>96,039</u>

**CORNERSTONE COMMUNITY CARE  
OPERATING AS CORNERSTONE  
COMPANY LIMITED BY GUARANTEE  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 MARCH 2021**

**6 Investments**

	<b>Unrestricted funds</b>	<b>Unrestricted funds</b>
	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Income from listed investments	-	4,741
Interest receivable	1,304	2,588
	<u>1,304</u>	<u>7,329</u>

**7 Raising funds**

	<b>Unrestricted funds</b>	<b>Restricted funds</b>	<b>Total</b>	<b>Unrestricted funds</b>	<b>Restricted funds</b>	<b>Total</b>
	<b>2021</b>	<b>2021</b>	<b>2021</b>	<b>2020</b>	<b>2020</b>	<b>2020</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<u>Cost of voluntary income</u>						
Premises costs	27,249	27,240	54,489	6,106	31,817	37,923
Sundry costs	44,647	44,634	89,281	7,376	38,432	45,808
Staff costs	85,919	85,893	171,812	35,975	187,444	223,419
	<u>157,815</u>	<u>157,767</u>	<u>315,582</u>	<u>49,457</u>	<u>257,693</u>	<u>307,150</u>
<u>Fundraising events</u>						
Premises costs	6	-	6	4,777	-	4,777
Staff costs	20	-	20	28,140	-	28,140
Events and sundry costs	10	-	10	37,553	-	37,553
	<u>36</u>	<u>-</u>	<u>36</u>	<u>70,470</u>	<u>-</u>	<u>70,470</u>
	<u>157,851</u>	<u>157,767</u>	<u>315,618</u>	<u>119,927</u>	<u>257,693</u>	<u>377,620</u>



**CORNERSTONE COMMUNITY CARE  
OPERATING AS CORNERSTONE  
COMPANY LIMITED BY GUARANTEE  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 MARCH 2021**

**8 Charitable activities**

	<b>Total funds 2021 £</b>	<b>Total funds 2020 £</b>
Staff costs	34,803,388	36,103,383
Premises costs	1,218,535	1,284,514
Provisions	131,089	197,932
Fundraising purchases	17,941	106,392
Donated goods and services	19,213	5,703
Sundry costs	2,818,113	3,673,747
	<u>39,008,279</u>	<u>41,371,671</u>
Share of support costs (see note 9)	4,195,078	3,582,740
Share of governance costs (see note 9)	43,725	40,235
	<u>43,247,082</u>	<u>44,994,646</u>
<b>Analysis by fund</b>		
Unrestricted funds	270,945	319,988
Restricted funds	42,976,137	44,674,658
	<u>43,247,082</u>	<u>44,994,646</u>

**CORNERSTONE COMMUNITY CARE  
OPERATING AS CORNERSTONE  
COMPANY LIMITED BY GUARANTEE  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 MARCH 2021**

**9 Support costs**

	Support costs	Governance costs	2021 Support costs		Governance costs	2020
	£	£	£	£	£	£
Staff costs	2,680,777	-	2,680,777	1,999,925	-	1,999,925
Premises costs	277,564	-	277,564	189,417	-	189,417
Provisions	1,910	-	1,910	6,721	-	6,721
Sundry costs	1,234,827	-	1,234,827	1,386,677	-	1,386,677
Audit fees	-	34,950	34,950	-	30,300	30,300
Legal and professional	-	8,400	8,400	-	-	-
Annual report and AGM	-	-	-	-	6,554	6,554
Sundry costs	-	375	375	-	3,381	3,381
	<u>4,195,078</u>	<u>43,725</u>	<u>4,238,803</u>	<u>3,582,740</u>	<u>40,235</u>	<u>3,622,975</u>
Analysed between						
Charitable activities	<u>4,195,078</u>	<u>43,725</u>	<u>4,238,803</u>	<u>3,582,740</u>	<u>40,235</u>	<u>3,622,975</u>

Governance costs includes payments to the auditors of £34,950 (2020- £30,300) for audit fees.

**10 Auditor's remuneration**

The analysis of auditor's remuneration is as follows:

	2021 £	2020 £
Audit of the annual accounts	26,950	23,000
<b>Other services to the company</b>		
Other non-audit services	8,000	7,300
<b>Total auditors' remuneration</b>	<u>34,950</u>	<u>30,300</u>

**11 Net (expenditure)/income**

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

	2021 £	2020 £
Amortisation of intangible assets	-	49,280
Depreciation of tangible fixed assets	314,558	290,567
Land and buildings lease costs	487,140	465,955
Plant and machinery lease costs	149,047	137,880
Interest and similar charges payable	93,550	85,317
Indemnity insurance	30,800	13,952
Audit of the annual accounts	26,950	23,000
Other non-audit services	8,000	7,300

**CORNERSTONE COMMUNITY CARE  
OPERATING AS CORNERSTONE  
COMPANY LIMITED BY GUARANTEE  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

***FOR THE YEAR ENDED 31 MARCH 2021***

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**12 Directors**

None of the directors (or any persons connected with them) received any remuneration or benefits for their duties as trustees of the charity (2020 – 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 £32,330 (2020 - £32,636) and employer pension contributions of £1,240 (2020 - £1,252) and A. Forbes received a salary of £26,312 (2020 - £29,674) and employer pension contributions of £880 (2020 – £585).

Travel and subsistence costs of £nil (2020 - £2,589) in total were reimbursed to 0 (2020 - 4) directors.

**CORNERSTONE COMMUNITY CARE  
OPERATING AS CORNERSTONE  
COMPANY LIMITED BY GUARANTEE  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 MARCH 2021**

**13 Employees**

The average monthly number of employees during the year was 1,902 (2020: 2,028)

	<b>2021 Number</b>	<b>2020 Number</b>
Support staff	1,546	1,595
Training and SVQ staff	12	13
Office and administration staff	77	77
Social firm staff	7	7
Relief staff	260	336
<b>Total</b>	<b>1,902</b>	<b>2,028</b>

<b>Employment costs</b>	<b>2021 £</b>	<b>2020 £</b>
Wages and salaries	34,204,605	34,812,408
Social security costs	2,543,747	2,605,986
Other pension costs	907,645	936,473
	<b>37,655,997</b>	<b>38,354,867</b>

Included in staff costs noted above, are redundancy costs of £173,136 (2020 - £89,504).

**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 £414,351 (2020 - £462,110).

**Banding**

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

	<b>2021 Number</b>	<b>2020 Number</b>
£60,000 to £69,999	-	1
£70,000 to £79,999	1	3
£80,000 to £89,999	-	1
£90,000 to £99,999	2	-

**CORNERSTONE COMMUNITY CARE  
OPERATING AS CORNERSTONE  
COMPANY LIMITED BY GUARANTEE  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 MARCH 2021**

**14 Net gains/(losses) on investments**

	Unrestricted funds	Unrestricted funds
	2021	2020
	£	£
Gain on disposal of investments	-	2,575

**15 Tangible fixed assets**

	Property £	Property improvements £	Fixtures and fittings £	Motor vehicles £	Total £
<b>Cost</b>					
At 1 April 2020	6,377,411	612,788	566,254	67,835	7,624,288
Additions	269,339	46,179	80,898	-	396,416
Disposals	(206,987)	(3,647)	(2,370)	(26,500)	(239,504)
At 31 March 2021	6,439,763	655,320	644,782	41,335	7,781,200
<b>Depreciation and impairment</b>					
At 1 April 2020	901,173	426,719	462,181	60,168	1,850,241
Depreciation charged in the year	127,762	122,359	58,687	5,750	314,558
Eliminated in respect of disposals	(54,076)	(507)	(329)	(26,500)	(81,412)
At 31 March 2021	974,859	548,571	520,539	39,418	2,083,387
<b>Carrying amount</b>					
At 31 March 2021	5,464,904	106,749	124,243	1,917	5,697,813
At 31 March 2020	5,476,238	186,069	104,073	7,667	5,774,047

**Capital commitments**

Capital commitments contracted for, but not provided in the financial statements at 31 March 2021 £nil (2020 - £200,000).

**16 Debtors**

	2021	2020
	£	£
<b>Amounts falling due within one year:</b>		
Other debtors	3,742,149	3,660,937
Prepayments and accrued income	194,099	155,318
	3,936,248	3,816,255

**CORNERSTONE COMMUNITY CARE  
OPERATING AS CORNERSTONE  
COMPANY LIMITED BY GUARANTEE  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 MARCH 2021**

**17 Loans and overdrafts**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Other loans	1,068,762	1,393,157
Payable within one year	325,296	392,110
Payable after one year	743,466	1,001,047
<b>Loans commitments</b>		
Due in one year or less	325,296	392,110
Due in more than one year but not more than two years	248,501	257,560
Due in more than two years but not more than five years	376,539	540,291
Due in more than five years	118,426	203,196
	<u>1,068,762</u>	<u>1,393,157</u>

**CORNERSTONE COMMUNITY CARE  
OPERATING AS CORNERSTONE  
COMPANY LIMITED BY GUARANTEE  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

***FOR THE YEAR ENDED 31 MARCH 2021***

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**17 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 2021 was £150,000.

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 2021 was £nil.

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 2021 was £nil.

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 2021 was £67,788.

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 2021 was £74,530.

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 2021 was £344,490.

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 2021 was £323,528.

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 2021 was £108,426.

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 2021**

**18 Creditors: amounts falling due within one year**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Borrowings	325,296	392,110
Other taxation and social security	1,615,114	588,427
Other creditors	2,838,093	2,635,971
Accruals and deferred income	1,256,904	1,174,148
	<u>6,035,407</u>	<u>4,790,656</u>

**19 Creditors: amounts falling due after more than one year**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Borrowings	743,466	1,001,047
Other creditors	599,441	627,489
	<u>1,342,907</u>	<u>1,628,536</u>

**20 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 £907,645 (2020 - £936,473).



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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 MARCH 2021**

**21 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:

	Movement in funds				Movement in funds			
	Balance at 1 April 2019	Incoming resources	Resources expended	Transfers	Balance at 1 April 2020	Incoming resources	Resources expended	Transfers
	£	£	£	£	£	£	£	Balance at 31 March 2021 £
Operations and other services	-	43,378,287	(44,674,658)	1,296,371	-	42,473,005	(42,976,136)	503,131
General fund	311,634	639,721	(257,693)	(430,747)	262,915	270,045	(157,768)	(120,703)
Jigsaw (Helensburgh) fund	24,453	-	-	-	24,453	-	-	(78)
	336,087	44,018,008	(44,932,351)	865,624	287,368	42,743,050	(43,133,904)	382,350
								278,864

**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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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 MARCH 2021**

22	Unrestricted funds										
		Movement in funds					Movement in funds				
		Balance at 1 April 2019	Incoming resources	Resources expended	Transfers	Revaluations, gains and losses	Balance at 1 April 2020	Incoming resources	Resources expended	Transfers	Balance at 31 March 2021
		£	£	£	£	£	£	£	£	£	£
General funds		217,389	834,562	(439,915)	(1,083,220)	2,575	(468,609)	806,470	(428,796)	(526,249)	(617,184)
Designated capital fund		4,072,319	-	-	217,596	-	4,289,915	-	-	143,899	4,433,814
		<u>4,289,708</u>	<u>834,562</u>	<u>(439,915)</u>	<u>(865,624)</u>	<u>2,575</u>	<u>3,821,306</u>	<u>806,470</u>	<u>(428,796)</u>	<u>(382,350)</u>	<u>3,816,630</u>

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 MARCH 2021**

**23 Analysis of net assets between funds**

	Unrestricted funds 2021 £	Restricted funds 2021 £	Total 2021 £	Unrestricted funds 2020 £	Restricted funds 2020 £	Total 2020 £
Fund balances at 31 March 2021 are represented by:						
Tangible assets	5,697,813	-	5,697,813	5,774,047	-	5,774,047
Current assets/(liabilities)	(538,276)	278,864	(259,412)	(324,205)	287,368	(36,837)
Long term liabilities	(1,342,907)	-	(1,342,907)	(1,628,536)	-	(1,628,536)
	<u>3,816,630</u>	<u>278,864</u>	<u>4,095,494</u>	<u>3,821,306</u>	<u>287,368</u>	<u>4,108,674</u>

**24 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:

	2021 £	2020 £
Within one year	338,796	364,561
Between two and five years	636,289	773,116
In over five years	253,851	329,125
	<u>1,228,936</u>	<u>1,466,802</u>

**25 Related party transactions**

There were no disclosable related party transactions during the year (2020 - £Nil).

**26 Limited by Guarantee**

The company is limited by guarantee not exceeding £1 per member. At 31 March 2021 there were 31 members (2020 - 29).

**CORNERSTONE COMMUNITY CARE  
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 MARCH 2021**

27	Cash generated from operations	2021 £	2020 £	
	Deficit for the year	(13,180)	(517,121)	
	Adjustments for:			
	Investment income recognised in statement of financial activities	(1,304)	(7,329)	
	Depreciation of tangible fixed assets	314,558	290,567	
	Amortisation of intangible assets	-	49,280	
	Gain on disposal of tangible fixed assets	(24,955)	-	
	Fair value gains and losses on investments	-	(2,575)	
	Movements in working capital:			
	(Increase)/decrease in debtors	(119,993)	1,580,090	
	Increase/(decrease) in creditors	1,283,517	(1,745,864)	
	<b>Cash generated from/(absorbed by) operations</b>	<b>1,438,643</b>	<b>(352,952)</b>	
28	Analysis of changes in net funds/(debt)			
		At 1 April 2020 £	Cash flows £	At 31 March 2021 £
	Cash at bank and in hand	937,564	902,183	1,839,747
	Loans falling due within one year	(392,110)	66,814	(325,296)
	Loans falling due after more than one year	(1,001,047)	257,581	(743,466)
		(455,593)	1,226,578	770,985

**29 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 1458 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.