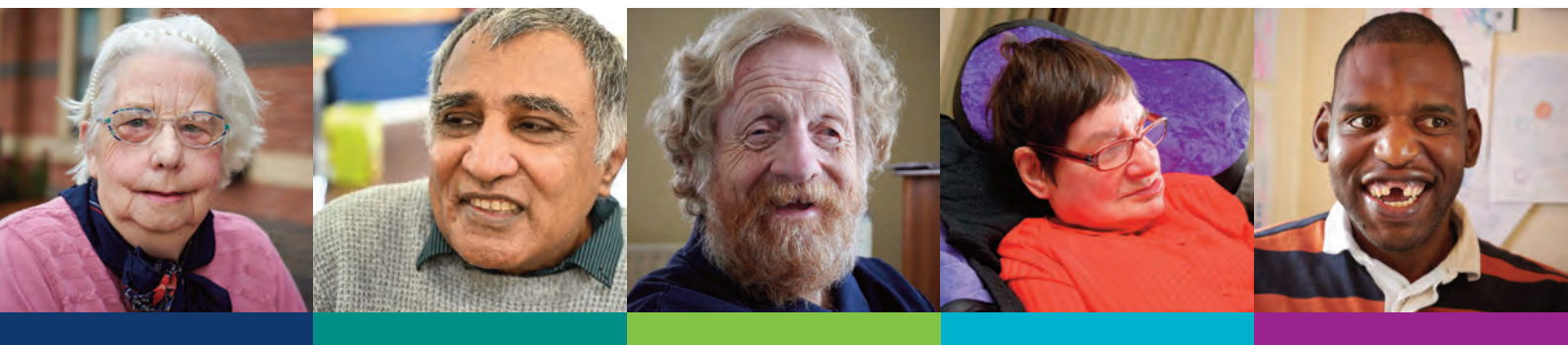


TRUSTEES ANNUAL REPORT 2019





Welcome from the Chair of Trustees and Chief Executive	01
Our Purpose	02
Our People	03
Strategic Report	04
Our Colleagues	05
Growth	05
Sustainability	06
Financial Review	08
Governance	09
Independent Auditors Report	23
Financial Statements	26
Notes to the accounts	29
Officers and Contacts	45
Governance and Management Structure	45



Welcome from the Chair of Trustees and Chief Executive

This was a year of transformation for SJOG. There were things that we needed to sort out so that the charity can have a very positive future, and this has been done. Relationships have been rebuilt, new partnerships formed and lots of work done on putting the charity on a good financial footing so that we can be here to support people tomorrow as well as today.

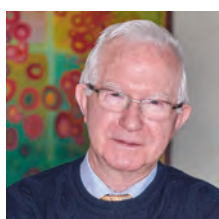
We've focused on making sure that our colleagues live our values every day, and they have responded with enthusiasm, ambition and energy; demonstrating what a difference can be achieved by good people working on a good plan.

We've also listened to the communities that we support, and built a new strategy 'We're here to help' to deliver on what they want SJOG to help them with. The conversations we had this year helped us to re-engage with our ambition as a charity to be of more help, and in this year we added new services to meet the needs of older communities and of people who have been trafficked or subject to modern day slavery.

The coming year will see us continue to grow; we will continue to listen to people; and we will better support our colleagues so that in turn they can better support the people we are here to serve.

At the time of writing Covid-19 has meant new ways of working but we continue to do what we do, and what remains at the heart of what we do is that we are driven by hospitality.

We are still growing during the Covid-19 outbreak, and the need for support is greater than ever. We are here to help.



Brother Donatus Forkan



Paul Bott, Chief Executive

SJOG on a page

Our purpose:

To meet need wherever we find it.

Our values:

Hospitality, Compassion, Justice, Respect and Trust.

Our aims:

A charity that is true to its values.

A charity that is ambitious to be of more help to more people.

A charity that is faithful to the inspiration of its founder.

Our method:

In the UK we approach this mission by delivering support through a number of targeted services to meet the needs of people with learning disabilities and physical disabilities, older religious communities, people with complex care needs, as well as social and health care needs of people who are homeless, and people who have been subjected to modern day slavery or trafficking.

We believe:

Every person has intrinsic worth and inherent dignity, and that with the right support each and every person can achieve their potential.

In achieving this we recognise that we are guests in people's lives. We ask how can we help and then work alongside them bringing our professional skills to bear, but being led by their aspirations.





Our People

SJOG is home to brilliant people. There are brilliant people who use SJOG support to grow, develop and change their lives and we have brilliant people in those who do the supporting.

This year we have spent more time listening to the people who are involved and connected to the charity. The more we listened the more they told us what was good about SJOG, what they didn't like, and what they wanted SJOG to be in the future.

We've captured all of this in our new strategic direction which is called 'We're here to help'.

What we learnt was that people said that they wanted SJOG to focus on helping them to live more worthwhile lives, and this was defined as:

1. Relationships – being important to someone and having someone that you are important to.
2. Having a purpose – something that people love to do, that is meaningful to them and has value.
3. Being well – being physically and mentally healthy.

Strategic Report

Our Strategy

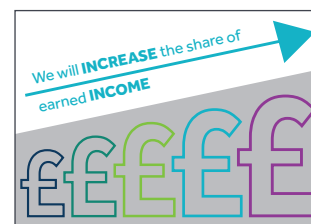
'We're here to help' defines the purpose of the charity, our aim over the coming years and so it is also the name of our strategy.

In the coming years we will focus on making people's lives more worthwhile through the development of relationships, the identification and pursuit of what is important to an individual, and the promotion of health and well-being, and we'll capture this worthwhileness.

The development of the strategy has been important because it is an indicator in a change in the way we do things.

The charity has a long and successful history. We've always been good at delivering services to people in need. In the past we chose what services people needed, but now we are on a journey to being a charity that works as an ally of the people that it exists to serve. That's why the strategy is the work of the 459 people who attended focus groups, held conversations and took part in activities so that they could share their thoughts, their hopes and also their fears for the future.

From these conversations, we know that we will still be delivering services, but these will be individualised services, defined by each person we work with as we recognise that we are guests in people's lives, and we respect their decisions.



Colleagues

We are a charity where people support people. We couldn't offer the great support we do without great people.

We exist to support those in need and consequently our services are located in the areas with the greatest need, and our colleagues are from the communities they support. They know the local area, the local issues, they face the same local frustrations.

We know what the challenges are for our colleagues because we have conversations with them. We are working to be a compassionate employer and take our responsibilities for supporting the health and well-being for all of our colleagues, to support their learning and ambition and to strengthening their financial well-being.

In 2019, we've made big strides forward in being a better employer and in living our values. The LOVED programme (Living Our Values Every Day) is a movement to show our colleagues that we do live our values of Hospitality, Compassion, Justice, Respect and Trust seriously.

We've been better at sharing information with our colleagues about the charity's ambition, and have put in measures to better support our colleagues' physical, financial and emotional health. In the year we launched an employee assistance programme, access to health insurance, reduction on gym membership, access to credit unions and improvements in parental leave and discount schemes through access to the Blue Light Card.

LOVED continues to develop with better support for our colleagues mental health through the mental health first aid scheme and through the Time to Change programme.

We've also taken our responsibility to provide the right tools to our colleagues so that they can focus on providing the best support to the people that we are here to serve. We've invested in technology providing mobile devices so that colleagues can collect and have better information about the people they support, whilst spending less time on paperwork and more time on face to face support. We've reviewed all of the operational policies in the charity to make them clearer and easier to use. We've invested in, and we've launched, an e-learning academy that means that our colleagues have access to great training, and the evidence to demonstrate that learning. All roles within the charity now have their own training pathway as well as a core pathway that focuses on the charity and pastoral care.

Our colleagues are remarkable; we recruit them for the values and provide the training they need to be knowledgeable and well skilled. This year we were better at listening to them and through two conferences gave them the opportunity to share the great work that they do, learn from others and to get to work on being bigger, bolder and brighter.

Growth

The Brothers of the Hospitaller Order of Saint John of God arrived in the UK in the 1880s, and since then SJOG in the UK has grown to support three main needs.

About a third of the services that we provide are targeted towards people who have a learning disability or physical disability. A further third supports older communities, primarily through partnerships with religious orders; and the final third of services are provided to support people who are homeless, have been trafficked or subject to modern day slavery.

The work in homelessness and modern day slavery is a growing area of need and consequently SJOG has established five new services to meet this need and have a further five services in development to start in 2020.

The growth in services is to meet an identified need, and all of our services are being developed in partnership with other organisations. This year saw the start of a relationship with the Salesian Sisters as we support them to run their home for older members of their community in Oxford.

Our partnership with The Salvation Army has been particularly beneficial in the development of modern slavery services. Conversations are underway on how we build on this in the coming year.

Partnerships with University College Hospital London facilitate the tuberculosis clinic at Olallo House, which achieves astounding results with homeless people with drug resistant tuberculosis.

The charity has also invested in a new team to help the charity grow in new ways and to find innovative effective ways of meeting need in the future. Dr Jamie Mackrill joined the charity in March as the Director of Opportunities, and though his department of two was established part way through the year, they raised £413,000 to improve services.

The development of new ways of meeting need and in building on the genius of the people we support are progressing and thanks to our funding partners, like Bupa UK, a number of initiatives are tabled to start in 2020.

Currently SJOG works in 35 communities. Opportunities exist to have a greater presence in these communities and to be of greater benefit.

Sustainability

In 2019 we stemmed the decline in SJOG and put in the building blocks for the future. We invested in people, technology, quality, and in new ways of working that more closely reflect the wishes of the people we support. The charity is now financially sustainable, raising enough money to cover its costs, and is starting to grow to meet our purpose of meeting the needs of the people that we work alongside.

What became evident during the strategy conversation was the need to measure the impact of what we do with a triple bottom line of impact on people, impact on finances, and impact on the planet. Consequently we are working to embed the UN Sustainable Development Goals and have built a governance suite that reports on the 17 inter-related goals.

As a national charity the requirement for our colleagues to travel to services, to events and to training will not be eliminated, but we are looking to find ways of reducing both the number and the environmental impact of travel.

E-learning has been developed in the year as an environmentally responsible way of delivering the knowledge components of training, which build each individual colleague's development pathway. This has reduced the travel, reduced the time out of service, and by reducing the cost of each training session, we have been able to offer more training, and a greater range of training to our colleagues.

We recognise that some training benefits from face-to-face discussion and interaction with colleagues and we are continuing to provide this.

This year has seen an engagement with research. Some of the papers have been generated in house by SJOG's Director of Opportunities, Dr Jamie Mackrill, and SJOG's



Chief Operating Officer, Dr Lisa Alcorn. Some have been the result of partnership with other entities within the SJOG family in Ireland and Malawi, and in partnership with University College Hospital London.

Demonstrating the quality and impact of what we do is increasingly important to ensure that we are not just 'busy fools', but that we can show and learn from the difference we make in the lives of the people that we are here to serve.

Financial review

Financially, this has been a transformational year for the charity.

Recent years saw a decline in income and saw the reporting of successive deficits. This meant that the charity became heavily reliant on financial support from the Hospitaller Order of Saint John of God for survival.

During 2019 significant changes were made to address the financial position of the charity and the executive team committed to move the charity to a breakeven position.

Work started in late 2018 and continued at an accelerated pace in 2019 addressing the quality of underperforming services and reducing costs across the organisation.

A suite of key performance indicators reflecting the ten areas of the 2019 business plan were adopted in the year and used to inform trustees. With the development of the new strategy, further work is being undertaken to create a governance framework that highlights how the actions within the charity deliver on the four key areas of the strategy – People, Colleagues, Growth and Sustainability.

The sector remains a challenging environment to operate in but closer relationships working with commissioners has led to increased income across several services.

New services in the year benefitted from robust financial modelling, ensuring their viability and sustainability. Cash flow was made a priority, and significant improvements were made in credit control. This focus will continue into 2020.

Our total income in 2019 was £17.6m (2018: £17.6m) as shown in the Statement of Financial Activities on page 26, however 2018 saw the closure of a significant service in Hertfordshire, meaning like for like income actually increased by 12%.

There was a reduction in charitable expenditure to £16m (2018: £17.5m) and the charity generated a surplus of £1.3m compared to a deficit of £44k in 2018.

Reserves grew from £0.1million in 2018 to £1.4m at the end of 2019, of these £0.6m are restricted and £0.8m are unrestricted. £1m of reserves are held as fixed assets. The trustees have an aspiration and a responsibility to hold a prudent level of reserves, to ensure the sustainability of the charity. The trustees have set a reserves target of two months of SJOG's operating costs, equal to £2.8m. This is necessary for day to day working capital and to cover potential financial risks. This is in accordance with the Charity Commission's recommendations and guidance. The trustees recognise that there have been real steps towards improving the reserves position of the charity in the year, and the aim is to continue this progress in 2020.

The result of the turnaround in the financial performance of the charity has significantly strengthened the balance sheet, shown on page 27.

Governance

SJOG is the trading name of Saint John of God Hospitaller Services and is led and governed by a Trustee Board. The trustees are volunteers and give their time and experience freely.

SJOG operates throughout the UK and is a charity registered in England and Wales (Charity Commission registration number 1108428), a company limited by guarantee (registered in England, company number 05324279).

The charity is governed by its Articles of Association, last reviewed and revised in 2019. The Articles of Association set out the charitable purposes for public benefit in the following terms:

- The relief of poverty, sickness, old age, distress and disabled persons.
- To further the charitable purpose for the time being of Hospitaller Order of Saint John of God Charitable Trust and in a manner that is consistent with catholic social teaching.

SJOG abides by the Charity Governance Code, which sets the principles and recommended practice for good governance. These cover the areas of:

1. Organisational Purpose
2. Leadership
3. Integrity
4. Decision Making, Risk and Control
5. Trustee Board Effectiveness
6. Inclusion and Diversity
7. Openness and Accountability

Organisational Purpose

The charity's purpose is detailed in the charity's governing documents. These Articles of Association state that the charity purpose is to meet need and to progress the aims of

Hospitaller Order of Saint John of God. The trustees are clear on this purpose and are mindful of these in decision making.

Leadership

The charity's trustees are the legal directors of the company. Members of the Board of Trustees serve a three-year term, after which they are eligible for re appointment and the continued success of the charity is dependent upon good governance.

The Board of Trustees can consist of up to twelve trustees and met formally four times between January 2019 and December 2019. All meetings were quorate and no member was absent for more than two meetings.

There are three committees: Finance, Audit and Risk, Quality and Safety, and Governance.

The charity's governance is kept under review by the Governance Committee to ensure that the Board of Trustees, its committees and governance structures and procedures are fit for purpose as the organisation and the environment evolves.

The trustees have complied with their duty in accordance with the Charities Act 2011 to follow the Charity Commission's guidance on the operation of public benefit.

In 2018 we improved the way that we capture evidence of this benefit both in terms of progress made by individuals, and in the way we report on this progress to the board and to our funders and our regulators.

The metrics are used by the executive team to guide the organisation's work, drive quality, and make decisions on how to maximise public benefit.

The Executive Team

The executive team is a new team. The Chief Executive joined SJOG in October 2018, the Chief Finance Officer in November 2018, the Chief Operating Officer in December 2018 and the Director of Opportunities in March 2019.

These four posts are the most senior managers in the charity and are responsible for the day to day management of SJOG. They have delegated authority to deliver the strategy as decided on by the Trustee Board, and are held accountable by the Board.

The executive team have provided direction and provided real energy during this transformational year. All of the executive team have made regular visits to all services, listening to their colleagues, and discussing 'what rocks, and what blocks', and then shaping and improving services to better deliver to the people that we are here to serve.

Integrity

Integrity is about doing what is right, and being open and transparent.

We believe that this is as important for our colleagues, volunteers and those that we are here to support as it is for the wider public.

This means that we provide honest and open information about the challenges that the charity faces as well as our successes. This means that we can have better conversations about what is needed, and better spend our supporters' generous donations appropriately.

Integrity is consistent with the charity's value of trust. Our trustees scrutinise the decision-making to ensure we meet the standards we set ourselves, as well as those set by regulators such as the Charity Commission, the Care Quality Commission and the Fundraising Regulator.

The trustees assure that the charity is acting in accordance with its values; we record positive feedback and complaints, and declare complaints annually, though there were none in 2019. The charity chooses not to use third party fundraisers, and there were no breaches of the fundraiser regulator code.

Conflicts of Interest

SJOG operates a Conflict of Interest Policy for all trustees.

Conflicts of interest are collated annually and new declarations of conflict of interest are made and recorded at the start of every formal meeting.

The trustees and executive team review all declarations in line with the Commission's disqualification criteria guidelines, the accounting requirements for charities laid down in the Statement of Recommended Practice (SORP) and HMRC 'fit and proper persons'.

During the year, Saint John of God Hospitaller Services Group (see Note 27) became the sole member of the charity.

Transparency and Trust

As a charity, SJOG must demonstrate that we use our supporters' generous donations of time and money wisely.

We have rigorous financial controls to ensure funds are monitored, tracked and go to the right places at the right time.

Transparency is also key to building trust, and we share as much information about the workings, the successes and the failings of the charity as we can. Sometimes there are legal and ethical circumstances where we either cannot be transparent because of legislation (e.g. data protection) or because an investigation or appeals process is going on and to do so could prejudice a later decision.

Modern Slavery and Human Trafficking

As a charity directly supporting people who have been subject to modern slavery and human trafficking, SJOG is committed to ensuring modern slavery and human trafficking are not present in its supply chains.

We are working with our partners and suppliers to ensure compliance with the UK Modern Slavery Act 2015.

We have introduced and will continue to develop, processes and procedures to manage the way we obtain goods and services.

We are investigating the use of buying tools, such as Sedex Global, that make it easier to capture, analyse and manage data from suppliers, covering their ethical, environmental and social practices.

Environment

Having committed to using the UN sustainable development goals in measuring the sustainability of the charity, we remain committed to eliminating or reducing our negative environmental impacts and maximising the benefit from positive environmental opportunities. We are limited in this by the level of investment required and the financial position of the charity.

Energy

In our updated environmental policy we aspire to be carbon neutral for electricity and gas and to reduce our energy usage.

We were unsuccessful in receiving grant funding to install photovoltaics into our services on the grounds that at the point of application the charity was not sufficiently financially robust.

We will seek to fund this in other ways and to roll out renewable systems in all refurbishments and to install solar panels in suitable locations.

Waste

SJOG is committed to reducing waste and aspires to sending zero waste to landfill by 2024. We are developing our understanding of the types and quantities of waste and how to track our progress and an environmental audit to baseline the charity's current impact is planned for 2020.

Equality and Fairness

SJOG is supported by great volunteers with a range of professional and personal skills. Volunteers include all the members of the Trustee Board including the Chair.

SJOG only employs paid colleagues where necessary to run and support complex services that require specific skills to keep the organisation running as safely as possible, whilst delivering maximum benefit to the people that we are here to support.

We have a financial responsibility to our colleagues to pay them a living wage, though due to the nature of social care in the UK this is an aspiration that we are working towards, and is one of the key messages in SJOG's new strategy.

Salary levels and annual increases across the organisation are agreed by the trustees during the setting and signing off of the annual budgets.

SJOG undertakes a full and fair consideration of applications for employment made by disabled persons, having regard to their particular aptitudes and abilities. We arrange training for employees who have become disabled persons while employed and also consider the training and career development and promotion of disabled persons.



In reaching decisions about levels of pay, the Board receives reports on the prevailing market conditions, relevant external benchmarks, colleague retention rates, the organisation's budget, our future plans and past performance.

Pay Policy

SJOG's pay policy was reviewed within the year and in setting pay levels for our colleagues, we take into account the pay practices in other similarly sized charities and the local market.

We aim for a sustainable and consistent pay strategy that supports the aspirations detailed in the strategy, and recognising that SJOG is a charity of people supporting people.

Gender Pay Gap

One of SJOG's key values is justice, which incorporates social justice, the notion of fair play and fairness and includes a commitment to fairness in recruitment, pay, promotion and development.

We are an organisation where over 80% of the team are women. All but two of the senior managers in the charity are female, and this is a pattern repeated in the running of our services.

We have a requirement to report in line with the UK Equality Act 2010 (Gender Pay Gap Information) Regulations. In 2018 we were pleased to note that SJOG's gender pay gap was significantly lower than that of other organisations and is smaller than the UK national average (1.66% compared to 17.9%: Office of National Statistics).

We know there is more to do and we are progressing a plan to ensure that all of our colleagues receive a living wage, that all have training and development opportunities and that all are encouraged to progress within the organisation.

The details of the gender pay gap are published on the government's designated website and sjog.org.uk.

Pay Principles

SJOG adheres to the UK government's statutory national minimum and living wage rates. These are the key principles that apply to pay at all levels in the charity.

Pay is reviewed consistently using the same approach for all colleagues, including the executive team and the chief executive. No individual performance bonuses are paid.

Annual pay budgets take into account affordability, economic trends and external market pay movement.

Senior Pay Disclosure

We recognise the recommendations made following the Report of the Inquiry into Charity Senior Executive Pay and Guidance for Trustees on Setting Remuneration by the National Council for Voluntary Organisations.

The inquiry advocates greater transparency and we have embraced the recommendations.

Consequently, we have provided greater clarity on the pay of the executive team, as well as continuing to disclose the chief executive's pay in full.

We are committed to openness and that applies to all parts of the charity.

Plans for Future Periods

The new SJOG strategy 'We're Here to Help' provides the charity with a clear path for the coming years, focusing on

1. Being better at supporting the people that we are here to serve, by listening to what their ambitions are for themselves and for the charity.
2. Being better at supporting our colleagues so that they can better support the people that we are here to serve.
3. Being better prepared to grow our reach and range of provision to better meet the need of the people that we are here to serve.
4. Being better at ensuring that we are a sustainable organisation that can meet the needs of the people that we are here to serve today and into the future.

For 2020 this means that we will develop the Advisory Council as a group to make sure that the voices of the people that we are here to serve are heard, and inform the decisions made by our Trustees.

We will continue to develop the LOVED programme to support our colleagues, including supporting their physical health through the provision of health benefits, and better also supporting the mental health of our colleagues and their families.

Supporting people who have been subject to Modern Day Slavery has been an area of increased focus within the charity, we have increased the provision during 2019 and we envisage that this growth will continue during 2020. We will seek to be of more help to more people.

Significant work has been undertaken in 2019 on transforming the financial sustainability of SJOG, and whilst there has been real progress there are pockets where more is needed with the commissioners and funders of services. 'We're Here to Help' identifies that we will align ourselves with the UN Sustainable Development Goals (SDGs) and the charity will in 2020, devise a KPI framework that demonstrates progress against the 17 SDGs, thereby highlighting areas of excellence and areas for further development.

Decision-making, risk and control

We want to be successful in what we do, and that success is reliant on making good decisions and managing risk effectively.

We work with people. We work with people with mental health, homelessness and provide services for people who have been subject to modern day slavery. The work that we do is not without risk.

We have revisited our risk management arrangements, and have a robust risk register that is reviewed at each board meeting.

We have embedded a new quality framework. This has reduced the risk in services through improved record-keeping and reporting. Consequently this has improved the quality of information used to make decisions, and has resulted in a demonstrable improvement in externally regulated quality ratings.

The relationship between risk and decision-making to maximise the success of the people that we are here to serve is an area that we are continually striving to improve, and 2020 will see the introduction of a revised governance framework that marries risk, costs and our strategic aims to ensure that decisions are robust, evidence based and auditable.

Financial Oversight

Effective oversight is an essential part of good financial governance and the trustees ensure this through the following:

Finance Policies

The trustees are responsible for safeguarding the assets of the charity and the group. This is enabled through SJOG's financial policies and procedures. Compliance with these policies and procedures is mandatory for all employees, honorary officials and volunteers of SJOG.

Financial Planning and Decisions

The SJOG Board is responsible for the strategic direction of SJOG. The Board delegates the implementation of that strategy and the day-to-day management of SJOG to the Chief Executive, the executive team and through it to individual budget holders following a detailed scheme of delegation that approves specified levels of expenditure.

Each year budget holders put together a costed plan to deliver on the strategic aims of the charity. The plans are aggregated into departmental and then an organisational business plan. The trustees approve both the business plan and the detailed annual budget, which defines specific projects and detailed departmental plans for the next financial year; and a forecast process that reviews the annual plans. and makes changes, as necessary.

The finance department is also involved in any major project or programme work, providing the necessary support to ensure the right financial decisions are made and on providing the necessary management reports to inform in year decision making.

Financial Reporting

There are two elements to financial reporting, reporting on annual report and accounts, and monthly accounts. The monthly accounts, and associated reports, are of sufficient detail to allow the executive team to make ongoing financial decisions.

Finance, Audit and Risk

The Finance, Audit and Risk Committee is a standing committee of the Trustee Board and has delegated authority to act on behalf of the Board in relation to the matters set out in its terms of reference, as well as providing advice, guidance and insight to the executive team primarily on the financial risk and performance of the charity.

The Committee is chaired by a trustee with significant senior leadership and management expertise.

The Committee's main duties are to:

- review and challenge the work of the executive team and of the internal and external auditors;
- provide the Trustee Board with an independent and unbiased view of the effectiveness and appropriateness of the financial reporting, internal controls, risk management, and regulatory compliance procedures of SJOG.

Financial Risk

The most significant financial risks for SJOG are income uncertainty and the ability to operate services within the staffing budgets. SJOG reviews its financial plans on a regular basis and manages these significant risks accordingly, through income pipelines, budgetary control, programme management and capital planning.

In relation to pension liabilities, SJOG does not have the exposure that some charities have to historic pension liability. SJOG offers a defined contribution pension and has engaged a pensions advisor to support colleagues make the best of their financial planning.

Income uncertainty has reduced significantly within the year and there has been a real focus on negotiating a fair rate for the care provided. This has led to a significant improvement in like for like income.

In managing expenditure risk, SJOG ensures financial rigour through budgetary control and cost-saving initiatives. In the year a review of the management structures and supply chain management has led to significant savings.

External Audit

External auditors review SJOG's annual financial statements and give an opinion on them.

The Finance, Audit and Risk Committee approves the appointment, remuneration, re-appointment and removal of the external auditors in relation to statutory audit arrangements.

The committee also reviews the scope of the planned external work.

Risk Management

SJOG exists to change the lives of the people that it is here to serve. Taking positive risks to get positive outcomes. To ensure that these risks are positive we are fully committed to ensuring that these risks are managed so that the people supported, volunteers and colleagues are as safe as possible.

Effective risk management is also key to successfully delivering our strategy and developing SJOG for a sustainable future. An organisation-wide risk management approach is in place. This identifies our key strategic and operational risks and ensures they are effectively managed through clear accountability and escalation when needed.

We are now making better use of our risk data to help shape and prioritise SJOG's future delivery of programmes and projects, providing a sharper focus on those things that present the greatest threats – and opportunities – to SJOG. A renewed governance framework being developed in 2020 will lead to further improvements.

The Trustee Board, its committees and the executive team review the key strategic and operational risks on an ongoing basis.

Health and Safety Risks

Health and safety continues to be a priority and we aim to reduce the number of incidents that cause harm or ill health to volunteers, colleagues and members of the public.

We are fully committed to looking after our people and anyone who could be affected by our actions. To do this:

- our safety management system ensures health and safety is an integral part of how we work;
- health and safety training is mandatory for all colleagues and is supported by an ongoing programme of internal awareness campaigns;
- operational policies and procedures have all been reviewed in the year to ensure compliance with high standards;
- we continue to provide sufficient resources to support the implementation and assurance of policies.

Information Risks

We take the safe storage of data seriously, and a programme of embedding an understanding of GDPR across the charity has continued to be developed and rolled out in 2019.

We have improved our IT security this year, moving the entire organisation across to office 365, and improving the defensiveness of our IT systems from unauthorised access and misuse.

This was partly to meet the requirements of the Home Office, as part of our sub-contracting arrangement with The Salvation Army, and we will improve this further in 2020 as we seek to attend ISO 27001.



In response, 2019 has been as much about ongoing education and awareness as it has been about constructing and revising our technology defences. We continue to assess the threats, taking proactive and remedial actions to keep our risk exposure to an acceptable level.

Actions include cyber-security awareness training, vulnerability management, and penetration tests.

We established a strong information governance framework and continue to manage any associated risks. With implementation of the General Data Protection Regulation (GDPR) personal information legislation in May 2018, we have reviewed the data we keep and contacted those who support us.

SJOG has worked hard to achieve compliance and to ensure our marketing communications are lawful, fair and transparent. There is still more to be done to embed and maintain GDPR compliance and this remains a trustee and executive team priority.

People Risks

We are a charity of people supporting people. The challenge of recruiting colleagues has led to the improvement in pay and non-pay rewards, which form part of our LOVED (Living Our Values Every Day) programme.

We have sought to make the organisation more attractive and a renewed brand, better information about the good work that we do, and that we are a great place to work have improved recruitment, as has the use of non-traditional recruitment techniques.

Learning and development is clearer with each role having a development pathway, with a clear route for training to embed the knowledge, skills and competences for each role, and a healthy pipeline of leadership succession across the charity.

We actively seek areas of existing or emerging risks, and the changing national demographic will mean that our colleagues demographic will also be older, so we will be creating recruitment campaigns that appeal to the over 50s.

Quality and Compliance

We provide care and support to people. We are heavily regulated and we are committed to delivering a service that is exceptional, to reflect the value of each and every person that we work with.

Our new quality framework has seen an increase in the number of services that are rated as good or outstanding within our internal quality systems, and as our external regulators, like the Care Quality Commission (CQC), visit they are reflecting this in their ratings.

We fully expect that 2020 will result in CQC completing their visits, and that every service will be rated as Good or Outstanding.

Pandemic Risks

As a charity we are part of the solution in meeting the health and social care needs of the Covid-19 pandemic and as such we expect our services to continue to operate. We have extensive contingency plans in place, and are working in a coordinated way with our statutory partners. We benefit from fundraising, but our

Ministry of Hospitality Learning Pathway



core services are funded through statutory authorities and we envisage that this funding will continue. The trustees have reviewed detailed forecasts and cash flows for the next twelve months which provide assurance that going concern is not an issue for the charity. Detailed financial reporting is reviewed monthly by the executive management team and quarterly by the board. Income and costs are continually monitored.

We have great people, and in these early days of the pandemic we have continued to grow services thanks to our colleagues' desire to be of more help to more people. Our colleagues have been fantastic, and we are working hard to keep them safe, and to support them so that they can continue to support others.

The work that has been taken in the past year to support our colleagues better, to ensure that the charity is financially sustainable and to build partnerships for a purpose, all stand us in good stead to weather this particular storm.

Trustee Board Effectiveness

Appointments

Trustees have previously been approached to join the Board however 2019 saw a shift towards an open recruitment process for trustees.

The use of a recruitment firm was used to identify and direct people to the process. The recruitment delivered excellent quality of candidates and 10 new trustees could have been recruited, however three individuals were asked to join the Board.

With the impending retirement of trustees, the process will be repeated in 2020.

The recruitment process brought in younger trustees and also recruited women to the Board, which previously was entirely male.

The move to create a more balanced and diverse board that better reflects the communities that we work in will continue.

Independence of thought

SJOG ensures that it can demonstrate that any decision or action is aligned with the delivery of our charitable aims and there is no personal or individual bias.

All Trustee Board decisions are recorded in a decision log, which is reviewed annually by the trustees. Any communications we make internally or externally aim to demonstrate our independence of thought and action.

Length of service

Trustee Board members serve a 3-year term and may be reappointed for up to a further two terms. We aim to match the skills on the board to our strategic goals and business plan needs as well, and the use of the Institute of Directors framework focusing on skills, knowledge and mindset has identified where to focus our next recruitment process. This means we can plan to refresh the skills, experience and diversity needed to ensure sustainable governance in the future.

Board Meetings

The Trustee Board meets formally at least four times a year. We have a list of standing agenda items covering strategy, performance, risk and compliance matters.

While the Chief Executive and executive team are present at the Trustee Board meetings, they do not have any voting rights. Decisions lie with the trustees.

Twice a year trustees and the executive team meet to discuss the strategic opportunities and risks we may face in the future.

In 2019 the workshop discussions included the future strategic opportunities for SJOG, the process for the development of a new strategy, safeguarding, and compliance with the Good Governance Code.



Trustee Board Skills and Knowledge

For the trustees appointed in the year a new induction process was put in place that provided formation on the history of the charity, the order and the life of Saint John of God, their role requirements, core responsibilities, as well as the strategy, performance and structures within the charity.

We also continue to brief our trustees in changes to regulation and standards throughout the year as part of the Board meeting papers. Examples of this include our review and implementation of GDPR (legislation in relation to data protection) and our information governance arrangements.

Inclusion and Diversity

Gender balance

Historically the Board has been made up of Brothers from the Hospitaller Order of Saint John of God. This has meant that the Board has been exclusively male, though there has been an opening up to people who are not Brothers of the Order.

In 2019 this changed and an open recruitment process was undertaken, which resulted in the recruitment of three new trustees: Emma Gibbons, Lesley Selfe and Paul Forster-Jones.

It is planned to repeat this process in 2020 to further improve the gender balance and the diversity of the Board, making sure that we have a Board that reflects the communities that we serve.

Hearing the voices of the people we support

The strategy included a drive to better hear the voices of the people we are here to serve.

The coming year will see a further review of our governance framework including the development of an Advisory Council consisting of the people that we are here to support.

The Advisory Council will meet in the weeks before the board meeting to review and offer their comments on matters going to the board, so that their voices can be heard when trustees come to make decisions.

Openness and Accountability

We strive to be open in our charitable work and accountable for our activities and actions.

The diverse nature of our activities across the country means we have multiple stakeholders on which to share our plans, decisions and outcomes.

We aim to keep our communities, supporters and stakeholders appropriately informed of our work, and hope that with their support and engagement we can deliver on our purpose providing real public benefit.

Each year we openly share our work and the progress we have made in our Annual Report, and we publish our research papers and publications on our charity website and in other public communications.

Engagement

This year was a big year in changing the way we engage with the people who live, work, attend and volunteer in SJOG services.

Previously we've issued information about the decisions that have been made but this year we came and asked questions and listened.

What we heard from the 14 focus groups, the conversations and the questionnaires shaped SJOG's strategy, and told us what kind of organisation we must become to meet the needs and aspirations of the people that we are here to serve.

Raising concerns

There are lots of ways for SJOG people to flag a concern, from starting with a simple conversation with a colleague and, if necessary, chatting to a line manager, through to using the services of the grievance process.

It's really important that all SJOG people feel that they are able to raise concerns and are aware of the options available to them.

Our values encourage us to be compassionate, strive for justice and operate in an environment where we respect each other. Speaking up is an important way of doing this. All SJOG colleagues and volunteers agree to behave by the Colleagues Code of Conduct or Volunteer Code of Conduct.

Having clear options for speaking up help us to increase trust and to live our values every day.

Safeguarding

SJOG's safeguarding policy was rewritten and strengthened in the year. This and the code of conduct apply across the whole organisation and are supported by a range of policies and

procedures to reduce the risk of harm to beneficiaries, supporters, colleagues and volunteers.

We work with some of the most vulnerable adults and families, and all of our colleagues are therefore trained in safeguarding. In the year we introduced e-learning modules around safeguarding to supplement the face to face training that is already in place.

We reviewed and strengthened the reporting lines, and improved reporting mechanisms, ensuring that we notify and work with statutory partners.

We work closely with partner organisations to help ensure that children, vulnerable adults and their families receive appropriate community support.

Feedback

We continue to record and report on complaints and feedback we receive, and we review this information in reports to the Trustee Board.

Our focus in 2020 will be on improving our trend analysis and thereby targeting areas for improvement.

We want to learn and use the insight from feedback to inform our future activity.



Statement of disclosure to auditor

In so far as the trustees are aware at the time of approving our trustees' annual report:

- there is no relevant information, being information needed by the auditor in connection with preparing their report, of which the charity's auditor is unaware, and
- the trustees, having made enquiries of fellow directors and the charity's auditor that they ought to have individually taken, have each taken all steps that he/she is obliged to take as a director in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

RSM UK Audit LLP has indicated their willingness to continue as auditor.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

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

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities Standards and Statements of Recommended Practice;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and Statements of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Trustee Report has been approved by order of the Board of Trustees:

Signed: William Forkan, Chair of Trustees



Dated: 25 August 2020

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SAINT JOHN OF GOD HOSPITALLER SERVICES

Opinion

We have audited the financial statements of Saint John of God Hospitaller Services (the 'charitable company') for the year ended 31 December 2019 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is 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 December 2019 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in

the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Report, which includes the Directors' Report and the Strategic Report prepared for the purpose of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report and the Strategic Report included within the Trustees' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report or the Strategic Report included within the Trustees' Report.

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

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

Responsibilities of trustees

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

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees 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

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: <http://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. Our audit work has been undertaken so that we might state to the charitable company's members 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 and its members as a body, for our audit work, for this report, or for the opinions we have formed.

Signed: Claire Leece (Senior Statutory Auditor)

Claire Leece

For and on behalf of RSM UK Audit LLP,
Statutory Auditor, Chartered Accountants
1 St James Gate, Newcastle upon Tyne, NE1 4AD

Date: 25 August 2020

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	Unrestricted funds £'000	Restricted funds £'000	TOTAL 2019 £'000	TOTAL 2018 £'000
Income and endowments from:					
Donations and legacies	3	567	631	1,198	1,825
Charitable activities	4	11,420	4,637	16,057	15,638
Other trading activities	5	179	-	179	113
Investments	6	3	-	3	-
Other income	7	128	-	128	-
Total income		12,297	5,268	17,565	17,576
Expenditure on:					
Raising funds	8	150	-	150	126
Other costs	8	142	-	142	-
Charitable activities	9	11,218	4,749	15,967	17,494
Total resources expended		11,510	4,749	16,259	17,620
Net incoming/(outgoing) resources before transfers		787	519	1,306	(44)
Gross transfers between funds		(16)	16	-	-
Net movement in funds		771	535	1,306	(44)
Total funds brought forward		87	50	137	181
Total funds carried forward		858	585	1,443	137

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.

BALANCE SHEET

AS AT 31 DECEMBER 2019

	Notes	2019 £'000	2018 £'000
Fixed assets			
Intangible assets	13	175	-
Tangible assets	14	851	276
Investments	15	2	5
		1,028	281
Current assets			
Stocks	16	3	2
Debtors	17	1,579	1,276
Cash at bank and in hand		1,445	1,700
		3,027	2,978
Creditors: amounts falling due within one year	18	(2,612)	(3,122)
Net current assets/(liabilities)		415	(144)
Total assets less current liabilities		1,443	137
Income funds			
Restricted funds	21	585	50
Unrestricted funds		858	87
		1,443	137

The financial statements were approved by the trustees on: 25 August 2020



W Forkan,
Chair of Trustees

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 £'000	2018 £'000
Cash flows from operating activities			
Cash generated from operations	23	582	1,101
Investing activities			
Purchase of intangible assets		(175)	-
Purchase of tangible fixed assets		(672)	(94)
Proceeds on disposal of tangible fixed assets		7	-
Proceeds on disposal of investments		-	2
Interest received		3	-
Net cash used in investing activities		(837)	(92)
Net cash used in financing activities		-	-
Net (decrease)/increase in cash and cash equivalents		(255)	1,009
Cash and cash equivalents at beginning of year		1,700	691
Cash and cash equivalents at end of year		1,445	1,700

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

Charity information

Saint John of God Hospitaller Services is a charitable company limited by guarantee and has no share capital. The registered office is Suite 1-3 Yarn, Lingfield point, Darlington, County Durham, DL1 1RW.

Accounting convention

The financial statements have been prepared in accordance with the charity's governing document, the Companies Act 2006 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)" (as amended for accounting periods commencing from 1 January 2016). 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 £'000.

Going concern

The trustees have examined the appropriateness of preparing the financial statements on the going concern basis. Cash generation has increased in the year and cash balances remain positive at the year end and with no utilisation of the overdraft facility at the year-end. They have considered the statement of financial activities, balance sheet and cash flow forecast for a period in excess of twelve months from the date of approval of these accounts and having regard to the projected

cash requirements of the charity, the trustees believe it is wholly appropriate to continue to prepare the financial statements on a going concern basis.

In reviewing the forecasts the trustees have taken into account the anticipated impact of Coronavirus as highlighted in the post balance sheet event note and are satisfied that this does not have any significant impact on the review of going concern.

Charitable funds

The charity's unrestricted funds consist of funds that the charity may use for its charitable objectives at the trustee's discretion.

The trustees of the charity may put aside part of the accumulated funds to meet specific future expenditure. As a general principle, these funds were given or raised with projects in mind, but their use is not restricted. The trustees take the view that use of such funds should be designated.

Any income given to the company for a specific purpose has been separately identified so as to ensure that it is spent as the donor dictated.

Incoming resources

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the item(s) of income have been met, it is probable that the income will be received and the amount can be measured reliably. Income includes:-

For legacies, entitlement is taken as the earlier of the date on which either: the charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the Trust that a

1 Accounting policies (Continued)

distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executor's intention to make a distribution. Where legacies have been notified to the charity, or the charity is aware of granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material. Donations are recognised when receivable.

Charitable activities

Grant income: Grant income is recognised when the charity is entitled to receipt.

Religious services: Income is recognised when the service has been delivered.

Care and support packages: Are recognised when the services are delivered or the beds / housing vacancies are occupied or agreed funded voids have crystallised.

Raising funds

Consultancy income: Is recognised when the services have been completed and invoiced.

Garden Centre income: All retail income is accounted for when the sale takes place.

Community Centre income: All such income is accounted for on completion of the relevant facility usage.

Investment income

Investment income is accounted for on an accruals basis.

Donated services

In accordance with the Charities SORP (FRS 102), general volunteer time is not recognised. Refer to the Trustees' Annual Report for more information about their contribution.

Other income

Other income relates to monies received in relation to flooding and is recognised when the charity is entitled to receipt.

Resources expended

Liabilities are recognised as resources expended as soon as there is a legal or constructive obligation committing the charity to the expenditure. Expenditure is accounted for on an accruals basis. Irrecoverable VAT is included with the expenses items to which it relates. Resources expended comprise:-

Raising funds

These include salaries and directly attributable overheads.

Charitable activities

Includes all direct salaries and other costs incurred in delivering the charity's charitable activity of delivering care services, together with the costs directly associated with the governance of the charity, including legal and regulatory compliance and strategic planning and also an appropriate proportion of the central and regional support costs of the organisation.

Other

Garden Centre costs include the costs of goods sold and the direct costs of operating the retail unit. Consultancy costs included the related salary costs.

Support costs

Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. These represent direct finance, human resources, IT and property service costs incurred by the organisation in carrying out its activities. Allocations of support costs are based on a pro rata of direct expenditure for different activities.

Intangible fixed assets other than goodwill

Intangible assets are initially recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Intangible assets are amortised at their expected useful economic lives on a straight line basis as follows:

Amortisation 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:

Software - 5 years

Tangible fixed assets

Tangible fixed assets are initially measured at cost, or in cases where fixed assets have been donated to the Saint John of God Hospitaller Services, at valuation at the time of acquisition. The charity's policy is only to capitalise items with an individual or collective value (where it is a group of assets) exceeds £1,000.

Freehold land and assets in the course of construction are not depreciated.

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:

Leasehold land and buildings - 4 to 25 years

Fixtures and fittings - 3 to 8 years

Motor vehicles - 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.

Fixed asset investments

Quoted investments are valued at the mid-market price at the close of business at the year-end. Unquoted investments are valued by the trustees after taking appropriate

professional advice. Unlisted investments are valued at the average of the bid and offer prices or, if the bid price is not available, by adjustment to the offer price. Realised gains on investments are calculated as the difference between the sale proceeds and the carrying value of the investment and included in the SOFA.

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).

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell.

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.

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.

1 Accounting policies (Continued)

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 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.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Employee benefits

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

Termination benefits

As a charity we may be committed, by legislation, by contractual or other agreements with employees or their representatives or by a constructive obligation based on business practice, custom or a desire to act equitably, to make payments (or provide other benefits) to employees when it terminates their employment. Such payments are termination benefits.

Termination benefits are employee benefits payable as a result of either:

- an entity's decision to terminate an employee's employment before the normal retirement date; or
- or an employee's decision to accept voluntary redundancy in exchange for those benefits.

Recognition of such payments as a liability and an expense only when it is demonstrably committed either:

- to terminate the employment of an employee or group of employees before the normal retirement date; or
- to provide termination benefits as a result of an offer made in order to encourage voluntary redundancy.

Retirement benefits

The company makes available a contributory money purchase scheme which all employees can join. This is administered by Scottish Equitable and each person has their own independent pension policy. The charge for the year represents contributions payable in the year.

Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease.

2 Critical accounting estimates and judgements

In the application of the charity's accounting policies, the trustees 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.

3 Donations and legacies

	Unrestricted funds £'000	Restricted funds £'000	TOTAL 2019 £'000	TOTAL 2018 £'000
Donations and gifts	495	631	1,126	1,655
Legacies receivable	72	-	72	170
	567	631	1,198	1,825
For the year ended 31 December 2018	1,825	-		1,825
Donations and gifts				
Hospitaller Order of Saint John of God	421	188	609	1,543
Other	74	443	517	112
	495	631	1,126	1,655

4 Charitable activities

	Accommodation and support	Leisure, Education and Occupational Services	Specialist Housing Support	Religious Management Services	TOTAL 2019	TOTAL 2018
	£'000	£'000	£'000	£'000	£'000	£'000
Charitable activities	4,669	251	5,984	5,153	16,057	15,638
Analysis by fund						
Unrestricted funds	4,669	251	5,984	516	11,420	
Restricted funds	-	-	-	4,637	4,637	
	4,669	251	5,984	5,153	16,057	
For the year ended 31 December 2018						
Unrestricted funds	4,781	273	5,602	478		11,134
Restricted funds	-	-	-	4,504		4,504
	4,781	273	5,602	4,982		15,638

5 Other trading activities

	2019 £'000	2018 £'000
Trading income	179	113

6 Investments

	2019 £'000	2018 £'000
Bank interest	3	-

7 Other income

	2019 £'000	2018 £'000
Insurance claim income	128	-

8 Raising funds

	2019 £'000	2018 £'000
Direct costs	114	90
Staff costs	36	36
	150	126
Other costs		
Direct costs	84	-
Staff costs	55	-
Depreciation and impairment	3	-
	142	-
	292	126

9 Charitable activities

	Accommodation and support £'000	Leisure, Education and Occupational Services £'000	Specialist Housing Support £'000	Religious Management Services £'000	TOTAL 2019 £'000	TOTAL 2018 £'000
Staff costs	3,554	207	3,479	3,929	11,169	11,479
Depreciation and impairment	35	2	33	1	71	61
Activities directly undertaken	822	38	1,735	742	3,337	3,454
	4,411	247	5,247	4,672	14,577	14,994
Share of support costs (see note 10)	459	19	445	445	1,368	2,473
Share of governance costs (see note 10)	22	-	-	-	22	27
	4,892	266	5,692	5,117	15,967	17,494
Analysis by fund						
Unrestricted funds	4,887	266	5,689	376	11,218	
Restricted funds	5	-	3	4,741	4,749	
	4,892	266	5,692	5,117	15,967	
For the year ended 31 December 2018						
Unrestricted funds	5,443	417	6,403	818		13,081
Restricted funds	-	-	-	4,413		4,413
	5,443	417	6,403	5,231		17,494

10 Support costs

	Support costs £'000	Governance costs £'000	2019 £'000	2018 £'000	Basis of allocation
Staff costs	779	-	779	1,497	
Depreciation	13	-	13	8	
Legal and professional	74	-	74	218	Specific allocation
IT	187	-	187	220	Specific allocation
Finance	22	-	22	22	Specific allocation
Property	153	-	153	23	Specific allocation
Exec office	93	-	93	229	Specific allocation
HR	37	-	37	153	Specific allocation
Admin	10	-	10	103	Specific allocation
Governance	-	22	22	27	Governance
	1,368	22	1,390	2,500	
Analysed between					
Charitable activities	1,368	22	1,390	2,500	

Support costs have been allocated to the different charitable activities on the basis of the income incurred for each activity. This is on the basis that it provides the fairest reflection of where the support is given.

Governance costs includes payments to the auditors of £15,000 (2018 - £16,000) for audit fees.

11 Net movement in funds

Net movement in funds is stated after charging/(crediting)

Fees payable to the company's auditor for the audit of the company's financial statements

Depreciation of owned tangible fixed assets

Loss on disposal of tangible fixed assets

Operating lease charges - land and buildings

Operating lease charges - other

2019
£'000

2018
£'000

15

16

87

69

3

38

1,202

1,061

6

84

12 Employees

Number of employees

The average monthly number of employees during the year was:

	2019 Number	2018 Number
Medical, Nursing and Allied Professions	17	19
Managers, Support Workers and Ancillary Staff	489	513
Executive	1	1
Managers and Other Staff	16	32
	523	565

Employment costs

	2019 £'000	2018 £'000
Wages and salaries	9,860	10,507
Social security costs	823	854
Other pension costs	266	219
Other staff costs	1,030	1,267
Restructuring costs	60	165
	12,039	13,012

Included in staff restructuring costs are nil (2018: 3) termination payments which were awarded totalling £nil (2018: £15,133), and 7 (2018: 17) redundancy payments totalling £60,177 (2018: £149,597) in relation to employment matters.

The key management personnel of the charity comprise the trustees and the key management team. Total employee benefits for the key management personnel were £328,753 (2018: £150,517).

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

	2019 Number	2018 Number
£70,000 - £79,999	2	-
£90,000 - £99,999	1	-

In the year, there were 3 employees (2018: nil) earning in excess of £60,000 per annum who participated in the defined contribution pension scheme (see note 26). Contributions of £7,350 were made in relation to these individuals during the year (2018: £441).

No trustee received any remuneration (2018: nil). Expenses were paid to 2 (2018: 3) trustees totalling £740 for travel and subsistence (2018: £687).

Excluding the volunteer trustees, the charity had 34 (2018: 35) volunteers helping with our activities. Most of these volunteers contributed on a part-time basis ranging from a few hours per month to 30 hours per week.

13 Intangible fixed assets

Software
£'000

Cost

At 1 January 2019

Additions

At 31 December 2019

Amortisation and impairment

At 1 January 2019 and 31 December 2019

Carrying amount

At 31 December 2019

At 31 December 2018

-

175

175

-

175

-

14 Tangible fixed assets

Leasehold land and buildings £'000	Fixtures and fittings £'000	Motor vehicles £'000	TOTAL £'000
---	-----------------------------------	----------------------------	----------------

Cost

At 1 January 2019

Additions

Disposals

At 31 December 2019

Depreciation and impairment

At 1 January 2019

Depreciation charged in the year

Eliminated in respect of disposals

At 31 December 2019

Carrying amount

At 31 December 2019

At 31 December 2018

714

1,108

93

1,915

547

125

-

672

(14)

(499)

(15)

(528)

1,247

734

78

2,059

542

1,004

93

1,639

34

53

-

87

(4)

(499)

(15)

(518)

572

558

78

1,208

675

176

-

851

172

104

-

276

15 Fixed asset investments

	Unlisted investments £'000
Cost or valuation	
At 1 January 2018	5
Impairment	
At 31 December 2019	-
Impairment losses	3
At 31 December 2019	3
Carrying amount	
At 31 December 2019	2
At 31 December 2018	5

16 Stocks

	2019 £'000	2018 £'000
Finished goods and goods for resale	3	2

17 Debtors

	2019 £'000	2018 £'000
Amounts falling due within one year:		
Trade debtors	810	928
Other debtors	101	15
Prepayments and accrued income	668	333
	1,579	1,276

18 Creditors: amounts falling due within one year

	Notes	2019 £'000	2018 £'000
Trade creditors		502	335
Other taxation and social security		193	216
Deferred income	19	333	523
Other creditors		1,104	822
Accruals		480	1,226
		2,612	3,122

19 Deferred income

	2019 £'000	2018 £'000
Balance as at 1 January 2019	523	864
Released from previous years	(276)	(761)
Resources deferred in the year	86	420
	333	523

Deferred income relates to income charged for services in advance of the accounting period.

20 Financial instruments

	2019 £'000	2018 £'000
Carrying amount of financial assets		
Debt instruments measured at amortised cost	1,367	1,202
Carrying amount of financial liabilities		
Measured at amortised cost	1,432	1,634



21 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				Balance at 31 December 2019 £'000
	Balance at 1 January 2019 £'000	Incoming resources £'000	Resources expended £'000	Transfers £'000	
Unrestricted funds					
Accumulated fund	87	12,297	(11,510)	(16)	858
	87	12,297	(11,510)	(16)	858
Restricted funds					
Religious services	-	4,725	(4,741)	16	-
Hospitality	9	-	(3)	-	6
Gabriel Howard	41	-	-	-	41
Terry Yorath House refurbishment	-	130	(2)	-	128
Tees Valley Community Foundation	-	1	(1)	-	-
Pear Tree	-	2	(2)	-	-
Olallo refurbishment	-	410	-	-	410
	50	5,268	(4,749)	16	585
	137	17,565	(16,259)	-	1,443

The restricted funds represent segregation of monies held for where the fund provider has specified particular purposes for which the funds are to go, so as to ensure that they are spent as the donor specified. The funds entitled 'Religious Services' are funds given by specific religious orders in relation to homes managed by Saint John of God Hospitaller Services, to pay for the upkeep of their respective care homes which remained unspent at the period end and will be used in care provision in the year to 31 December 2020.

The Hospitality Fund was inherited at the time the charity was formed and represents a specific fund to assist beneficiaries who encounter personal financial difficulties.

The Gabriel Howard Fund was a specific family bequest to be used to ensure a beneficiary is well cared for in life within Saint John of God Hospitaller Services. This fund is being managed effectively for its intended use, should the beneficiary change care provider then this fund would be transferred.

The Terry Yorath Refurbishment Fund relates to funding received from Leeds City Council to update and improve the building.

The Tees Valley Community Fund relates to local funding for bikes and games for the modern day slavery safe house in Middlesbrough.

The Pear Tree Fund was received from the local council to fund activities around a community day.

The Olallo Refurbishment Fund relates to funds raised to restore and improve the building in Euston following a significant flood.

All the other funds represent specific bequests or donations to the services named to be spent specifically on improvements to those services as deemed necessary.

Unrestricted funds

General funds are 'Free reserves' available to spend at the trustees discretion.

21 Funds (Continued)

For the year ended 31 December 2018:

	Movement in funds				Balance at 31 December 2018 £'000
	Balance at 1 January 2018 £'000	Incoming resources £'000	Resources expended £'000	Transfers £'000	
	£'000	£'000	£'000	£'000	£'000
Unrestricted funds					
Accumulated fund	222	13,072	(13,207)	-	87
	222	13,072	(13,207)	-	87
Restricted funds					
Religious services	(91)	4,504	(4,413)	-	-
Hospitality	9	-	-	-	9
Gabriel Howard	41	-	-	-	41
	(41)	4,504	(4,413)	-	50
	181	17,576	(17,620)	-	137

22 Analysis of net assets between funds

	Unrestricted funds £'000	Restricted funds £'000	TOTAL £'000
Fund balances at 31 December 2019 are represented by:			
Intangible fixed assets	175	-	175
Tangible assets	397	454	851
Investments	2	-	2
Current assets/(liabilities)	284	131	415
	858	585	1,443
Fund balances at 31 December 2018 are represented by:			
Tangible assets	276	-	276
Investments	5	-	5
Current assets/(liabilities)	(194)	50	(144)
	87	50	137

23 Cash generated from operations

	2019 £'000	2018 £'000
Surplus/(deficit) for the year	1,306	(44)
Adjustments for:		
Investment income recognised in statement of financial activities	(3)	-
Loss on disposal of tangible fixed assets	3	38
Impairment of investments	3	-
Depreciation and impairment of tangible fixed assets	87	69
Movements in working capital:		
(Increase) in stocks	(1)	-
(Increase)/decrease in debtors	(303)	509
(Decrease)/increase in creditors	(320)	870
(Decrease) in deferred income	(190)	(341)
Cash generated from operations	582	1,101

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:

	2019 £'000	2018 £'000
Land and buildings		
Within one year	200	29
Between one and five years	393	36
In over five years	383	
	976	65
Other		
Within one year	6	6
Between one and five years	6	12
	12	18

25 Related party transactions

The Hospitaller Order of Saint John of God (and its subsidiary St. John of God (Community Developments) Ltd) and the Hospitaller Order of Saint John of God Charitable Trust are separate registered charities. Some of the trustees of these charities were also trustees of Saint John of God Hospitaller Services during the period under review. Certain trustees are also members of the Board of Sponsors of Saint John of God Hospitaller Ministries, a canonical body established in Ireland.

Included within debtors is an amount of €6,145 (2018: €nil) owed from Hospitaller Order of Saint John of God for recharges of overhead costs.

Included within accruals and deferred income is an amount of €314,320 (2018: €326,963) due to Hospitaller Order of Saint John of God.

During the year rental payments of €356,110 (2018: €306,690) were made to Hospitaller Order of Saint John of God and €nil (2018: 22,200) to Hospitaller Order of Saint John of God Charitable Trust for the use of fixed assets owned by the Trust and Order.

During the year rent amounting to €30,000 (2018: €72,000) was paid to St. John of God (Community Developments) Ltd, a company of which one of the trustees is also a director. There was €nil outstanding at 31 December 2019 (2018: €nil).

During the year donations amounting to €609,000 (2018: €1,542,868) were receivable from Hospitaller Order of Saint John of God.

Included with creditors is an amount of €654,131 (2018: €742,131) owed to Hospitaller Order of Saint John of God.

26 Pension costs

The company makes available a contributory money purchase scheme which all employees can join. This is administered by Scottish Equitable and each person has their own independent pension policy. The charge for the period represents contributions payable in the period.

The total pension costs in the period were €273,245 (2018: €220,931). Amounts deducted but not yet paid over amounted to €55,187 (2018: €38,212).

27 Ultimate controlling party

The sole member of the charity is the Saint John of God Hospitaller Services Group, a company limited by guarantee and registered in the Republic of Ireland (company number 568740).

Saint John of God Hospitaller Services Group provides or funds a range of health, social care and education services for children, adolescents and adults in Ireland, Great Britain and Malawi. Consolidated financial statements are prepared and these are available from Hospitaller House, Stillorgan, Co Dublin, A94 X5KB. The member has the authority to appoint and remove trustees.

28 Post balance sheet events

A coronavirus pandemic is impacting global businesses. The trustees continue to monitor and successfully manage the situation to manage the risks to business.



Officers and Contacts

TRUSTEES

William Forkan	Chair of Trustees
Robert Moore	Vice-Chair
Anthony Moore	Resigned 13.02.20
Niall Brannigan	
Gerald Kidd	Resigned 13.02.20
Michael Francis	
Brian Boggon	
Lesley Selfe	From 30.07.19
Emma Gibbons	From 30.07.19
Paul Forster Jones	From 30.07.19

KEY PERSONNEL

Paul Bott	Chief Executive
Leanne Welford	Chief Finance Officer
Dr Lisa Alcorn	Chief Operating Officer
Dr Jamie Mackrill	Dir. of Opportunities

AUDITORS

RSM UK Audit LLP
1 St James Gate
Newcastle Upon Tyne
NE1 4AD

SOLICITORS

Womble Bond Dickinson
St Ann's Wharf
112 Quayside
Newcastle Upon Tyne
NE1 3DX

BANKERS

Barclays Bank
31 High Row
Darlington
County Durham
DL3 7QS

PRINCIPAL ADDRESS

Yarn,
Lingfield House
Lingfield Point
Darlington
County Durham
DL1 1RW

Charity Number:

1108428

Company Number:

05324279

Committee Structure and Membership

GOVERNANCE Gerald Kidd (Chair) • Robert Moore • Paul Forster Jones

FINANCE, AUDIT AND RISK Emma Gibbons (Chair) • Brian Boggon • Paul Forster Jones • Gerald Kidd

QUALITY AND SAFETY Lesley Selfe (Chair) • Anthony Moore • Niall Brannigan

Thank you for the kind continuing support of –

BUPA UK Foundation
Finnis Scott Foundation
Tees Valley Community Foundation
Pret Foundation
Porticus
Garfield Weston Foundation

Gilead Sciences Ltd (Educational Grant)
Bruce Wake Charitable Trust
Poor Servants of the Mother of God
Nandos
Caritas Westminster

*Thanks go to all of the people
who work, live, volunteer, fund
and support the organisation.*

*We are a community working
together to change the
world of each of the people that
we come into contact with.*

Thank you

