

Registered number: 01741444
Charity number: 287579

THE MORTIMER SOCIETY
(A company limited by guarantee)

TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2018

THE MORTIMER SOCIETY
(A company limited by guarantee)

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 OCTOBER 2018**

Trustees

Mrs J M Westwood OBE, Chair
Dr T J Cantor, Vice Chair
Mrs Y A Clarke (resigned 27 June 2018)
Mrs J Grimmett
Dr D Oliver
Mr J D Miller
Mr K Lagden (appointed 19 December 2018)

Company registered number

01741444

Charity registered number

287579

Registered office

42 Hollywood Lane, Frindsbury, Rochester, Kent, ME3 8AL

Chief executive officer

Mr Paul Studd

Senior management team

Mrs Susan Matthews, Head of Business and Corporate Affairs
Mrs Elaine Runeckles, Head of Care, Quality & Compliance
Mr Simon Dawes, Registered Manager, Birling House (until 12 January 2018)
Ms Leanne Stockwell, Home Manager, Frindsbury House (until 7 January 2019)
Ms Hannah Wilson, Home Manager, Birling House (from 1 March 2018)
Mrs Tracey Edwards, Home Manager, Frindsbury House (from 1 March 2019)

Independent auditor

MHA MacIntyre Hudson, 71 New Dover Road, Canterbury, Kent, CT1 3DZ

Bankers

National Westminster Bank Plc, 64 High Street, New Malden, Surrey, KT3 4HB

Solicitors

Russell-Cooke LLP, 2 Putney Hill, Putney, London, SW15 6AB

THE MORTIMER SOCIETY
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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 OCTOBER 2018

The Trustees present their annual report together with the audited financial statements of the charity for the period 1 November 2017 to 31 October 2018. The Trustees confirm that the Annual Report and financial statements of the company comply with the current statutory requirements, the requirements of the company's governing document and the provisions of the Statement of Recommended Practice (SORP), applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) as amended by Update Bulletin 1 (effective 1 January 2015).

Objectives and Activities

a. POLICIES AND OBJECTIVES

The Society gives due regard to the guidance published by the Charity Commission on public benefit and the Trustees consider the Charity is compliant. The purpose of the Society, as set out in the Society's Memorandum of Association, is to provide relief for those in need by reason of ill health or disability particularly a physical and/or a learning disability and in particular those people suffering from Huntington's Disease and other neurological conditions.

b. STRATEGIES FOR ACHIEVING OBJECTIVES

The objectives are achieved through the provision of long term residential care for adults across two residential homes owned by the charity, Birling and Frindsbury House. One of the homes is in West Kent and the other in Medway but both welcome clients from all over the country. The majority of our residents are sponsored by their Local Authority Social Services or by their NHS Clinical Commissioning Group. Prior to admission to either of our homes, a full assessment of a prospective resident is carried out with the help of relatives and the social care case manager and other social care professionals to ensure that we can provide the correct level of care and support.

No one receives any private benefit from the charity other than the care services we provide.

c. ACTIVITIES FOR ACHIEVING OBJECTIVES

By refreshing our aims, objectives and activities each year we strive to deliver the most effective and beneficial outcomes. We also ensure that the environment of our homes and the activities and services we provide make our homes attractive to prospective residents, their families and commissioners. In each home we offer:

- An Activities Team
- Well equipped Activity Suites including the provision of facilities such as family accommodation, hair salon and internet access.
- Adapted mini-buses and an MPV for the benefit of the residents
- Wheelchair accessible gardens for the enjoyment of residents and their families and visitors
- Regular visits by musicians and entertainers
- Trips to the theatre, cinema, shopping and places of individual interest
- Music therapy, aroma therapy and chiropody
- Speech and language therapy
- Multi-sensory rooms
- Programmes for Activities of Daily Living
- Residents, Family and Carers assemblies and social events

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 OCTOBER 2018

Involvement of Volunteers

Volunteers from local schools and colleges regularly visit residents who have no family contacts. One volunteer, the retired catering manager from Birling House delivers 1:1 and group cooking support on at least a monthly basis; other volunteers, one of whom is the mother of a deceased resident and two others who are ex members of staff, deliver buddy support to residents at Birling House who have no family or do not receive regular visitors.

Advocacy

The Society has close links to the Independent Mental Capacity Advocacy (IMCA) service. The service provides support on a confidential basis for residents who are unable to represent themselves.

Mandatory and Specialised Training

Staff training is carried out regularly and includes: Fire Safety, Health and Safety, Safeguarding of Vulnerable Adults, Infection Control, Moving and Handling, Mental Capacity Act and Deprivation of Liberty, Food Hygiene and First Aid. In addition to this training, we also offer staff training on a wide range of subjects including Medication, Equality and Diversity, Communication Skills, Huntington's Disease, Multiple Sclerosis, Parkinson's Disease and Dementia. The Society also prides itself in providing support to new to social care staff in achieving the Care Certificate which is an agreed set of standards published by Skills for Care that sets out the knowledge, skills and behaviours expected of specific job roles by workers in the health and social care sectors. The Certificate comprises of 15 minimum standards and forms part of any new employee's robust induction programme.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 OCTOBER 2018

Strategic report

Achievements and performance

a. KEY FINANCIAL PERFORMANCE INDICATORS

The Board of Trustees have recognised that it is increasingly becoming necessary and good practice for charities to demonstrate organisational performance in the annual reports and accounts.

The Trustees have taken the decision following recommendations by the Charity Commission and the Chief External Auditor to adopt and implement five key performance indicators (KPIs) for the year ending 31st October 2018.

The five Key Finance Performance Indicators (KFPIs) that were adopted for 2017/18 were as follows:

- (a) Occupancy level
- (b) Total surplus as a percentage of total income
- (c) Staffing costs as a percentage of total income by home
- (d) Staffing costs and operational costs as a percentage of total costs
- (e) Net current assets position

KPIs serve as a measurable value that demonstrates how effectively a company is achieving its key business objectives such as performance and progress in order to help evaluate their success in reaching its strategic goals and specific targets.

The results from the KFPIs in the 2017/18 financial year were as follows:

Key Performance Indicator	Birling House		Frindsbury House		Society Total	
	(Exc. Central Costs)		(Exc. Central Costs)		(Inc. Central Costs)	
	Actual	Budget	Actual	Budget	Actual	Budget
Occupancy level	94.80%	91.00%	98.90%	91.00%	96.70%	91.00%
Surplus to Income	21.30%	17.90%	10.70%	4.50%	6.40%	0.85%
Staffing costs to Income	64.10%	66.80%	71.70%	79.10%	73.60%	78.70%
Staff costs to Total Costs	81.40%	81.30%	80.30%	82.80%	78.60%	79.30%
Ops Costs to Total Costs	18.60%	18.70%	19.70%	17.20%	21.40%	20.70%
Net Current Assets	n/a	n/a	n/a	n/a	£1,699,937	n/a

b. REVIEW OF ACTIVITIES

Staff Training

The organisation is committed to an extensive training programme for all our staff, and this has continued throughout the year including working towards Diploma qualifications at level 2 and level 3 in Health and Social Care through the Qualifications Credit Framework (QCF). This ensures our staff are better trained than is perhaps the norm in residential care homes in this area of practice.

New staff undertake an in depth induction process which gives them a full understanding of the responsibilities of their role, the quality of care we provide and the opportunity to explore the working practices and environments at both of our homes. These new staff also undertake the Care Certificate training as part of their induction process.

Activities and achievements during the year

Further but limited reinvestment into the business from reserves was made in 2017/18 as identified in our Capital Programme. The annual capital budget was capped by Trustees to approximately £110,000 due to the uncertain economic times and the austerity measures imposed by Central and Local Government in the care sector generally. Major work was also undertaken at Frindsbury House to widen corridors and doorways to ease accessibility to certain areas and bedrooms. Other investment included the purchase of replacement equipment for residents at both homes as well as in general, buildings repairs and maintenance across the Society which meant in 2017/18 the capital expenditure increased above the budgeted limit to £135,500.

Occupancy levels

Our financial performance depends on overall room occupancy and the level of weekly fees paid on behalf of our residents by the local authorities and NHS CCGs. We are registered with the Care Quality Commission for 31 rooms at Birling House (32 residents) and 23 rooms (23 residents) at Frindsbury House. In 2017/18, we achieved an average occupancy rate of 95% at Birling House and 99% at Frindsbury House. These very high occupancy levels reflect the quality of care provided and the value for money delivered as a charitable organisation.

Care Quality Commission

Birling House was last inspected by the CQC on 11th July 2017 under the new inspection regime looking at the five key lines of inquiry where questions are asked about the service being (1) Safe (2) Effective (3) Caring (4) Responsive and (5) Well Led. The outcome of the inspection was that the service was rated 'Good' in all areas and was awarded an overall rating of GOOD.

Frindsbury House was last inspected by the CQC early in the following year on 16th January 2018. The service at the home was unfortunately rated as 'Requires Improvement' in three areas namely Safe, Effective and Well-Led with the remaining two areas of Caring and Responsive being rated as 'Good'. The overall rating for the home was REQUIRES IMPROVEMENT.

A robust and comprehensive action plan to address the areas not meeting the required standards was endorsed by the Board of Trustees and returned to the CQC on 2nd March 2018.

It is pleasing to report that a follow up CQC inspection took place on 12th February 2019 and the outcome was that all five key lines of enquiry areas were rated as GOOD and the overall service was also rated as GOOD.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 OCTOBER 2018

Staff

Over the years, Birling House and Frindsbury House have built up a strong reputation for the quality of care, kindness and support given to our residents and their families by our staff. The Society is very fortunate to have a loyal and dedicated staff team in each of the homes who are valued and keen to provide for the individual needs and aspirations of our residents. Our staff turnover is considerably lower than the sector generally which we know enhances the consistent care that we give to our residents.

High importance is placed on the personal and professional development of staff which encourages initiative and innovation. The induction programme for all staff reflects the Society's principles, aims and values through which they are encouraged to contribute to the future planning and development of the service.

Staff also organise community charity events regularly which aims to increase the Society's profile within the local community and the fundraising income goes towards particular activities that many of the residents enjoy.

Financial review

a. GOING CONCERN

After making appropriate enquiries, the Trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Accounting Policies.

b. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Society's operating surplus for the financial year was £129,460 which amounted to 3.50% of total income from operational charitable activities. In commercial terms this surplus would not be regarded as a significant return on capital employed but it does allow the Society to look positively ahead and to make some capital reinvestment. Although the total income rose by £66,094 from the previous year, expenditure increased by £213,826 which adversely affected the overall financial position of the Society compared with last year's outturn. Staffing costs accounted for 74p out of every £1 of fee income. The majority of our residents require a very high level of specialised individual care and it is necessary to have high staffing levels and highly trained and experienced staff to deliver this service.

With the exceptionally good occupancy levels that we have achieved, our finances are currently sound but like most care homes we continually face rising costs. In contrast the level of our fee income per resident per week did not keep pace with inflation. During 2017/18 a small number of sponsoring authorities/CCGs gave a small increase in weekly fees to recognise the ongoing and increasing cost of the National Living Wage on the 1st April each year and the rising pension contributions. The fee increases were generally below the rate of inflation despite ongoing increased costs, whereas the remainder offered no increase or were seeking to reduce fee levels due to budget constraints. While it is appreciated this situation has arisen as a result of local government budget restrictions imposed by central government, it is not a situation that can prevail in the long term without impacting on the services we can provide. We have little control over many of the fixed and variable costs. For instance food and drink, utilities and service maintenance agreements have all seen a significant increase in price in excess of the general level of inflation. At the same time the ever-increasing regulation of the care sector brings year on year additional costs.

As a charity we strive to deliver cost effective care at a fair price. However, our income must at least meet our expenditure and allow us to continue to invest for the future. We hope that our sponsoring authorities will recognise that if charitable homes such as the Mortimer Society are to continue, fee income must reflect the true cost of caring for our residents with very high dependency levels. They must also recognise and attempt to meet the ever increasing pay rates resulting from the imposed year on year increases in the National Living Wage through to at least the year 2020 together with rising pension contribution costs.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 OCTOBER 2018

Donations

During the financial year, we received £21,435 in donations from various sources including donations made by families and friends of our residents.

The Society also received £520 in fundraising income as a result of staff and families arranging bazaars and other social activities and events for the benefit of the residents.

c. PRINCIPAL RISKS AND UNCERTAINTIES

There are of course risks and uncertainties that may impact on the Society's business in the future.

A risk management review process is undertaken by the Senior Management Team which has been approved and adopted by the Trustees. This process is monitored through the Society's Corporate Risk Assurance Framework which is reviewed, updated as appropriate and reported to the Board on a quarterly basis.

The review process enables the CEO, senior managers and Trustees to mitigate risks that might otherwise prevent the Society from achieving its purpose and objectives through its core values.

The Trustees consider the greatest risk at present to be that of a continued freeze or even reduction in fees paid by local authorities linked with the significant year on year increases in the National Living Wage through to the year 2020 together with the increasing level of pension contributions.

The Society has continued to operate the role of Caldicott Guardian this year and the nominated individual is responsible for the Information Governance in recognition of the possible risks surrounding resident data and systems security.

Risks also include a possible shortfall in CQC required outcomes within the service provision and the consequent loss of full compliance which could be a resulting factor. Changes in the political or social climate, a further economic downturn or the uncertain outcome of Brexit could also significantly impact on the operation of the Charity's business.

Recruitment of appropriate staff continues to be of concern in this uncertain climate that results in higher costs due to the use of agency provision.

d. RESERVES POLICY

At the end of 2017/18 the Society's free reserves stood at £1,595,736 compared with £1,451,248 at the end of the previous year. During the year the Trustees reviewed the Reserves Policy and confirmed that an adequate reserve needs to be maintained to allow for any reduction in occupancy levels and for other potential risks and eventualities. The Reserves Policy agreed by the Board of Trustees is that reserves should be maintained at a minimum of three months of basic operating expenditure which approximately equates to £600,000.

The future plans of the Society include a significant development project for Frindsbury House, which will increase the number of residents that can be accommodated from a 23 bedded service to an optimum level of around 30 rooms to achieve operational efficiency.

It is anticipated that this project will be a medium term aim that will cost in excess of £1million and it is intended that it will be mainly funded from the accumulated general reserves, in order to serve a greater number of beneficiaries in the future.

Trustees continue to review investment opportunities within the framework of the investment policy to maximise the income of the Society with due consideration to protecting the beneficiaries in our care.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 OCTOBER 2018

Structure, governance and management

a. CONSTITUTION

The Society is a registered charity and a company limited by guarantee and as such operates under its Memorandum and Articles of Association, which have received the approval of the Charity Commission.

b. METHOD OF APPOINTMENT OR ELECTION OF TRUSTEES

One third of the Trustees must retire at each AGM, those longest in office retiring first. A retiring Trustee who remains qualified may be reappointed. Mrs Jennifer Grimmett and Dr David Oliver retired by rotation and being eligible, offered themselves for re election and were re appointed.

c. POLICIES ADOPTED FOR THE INDUCTION AND TRAINING OF TRUSTEES

The Society has an induction programme for Trustees covering the work of the charity including visits to the two homes and an opportunity to meet the Chief Executive, Senior Management Team, staff and residents. The programme includes an explanation of the latest financial position, the current year's budget and the longer term strategies and business plans of the Society. New Trustees are given copies of the Memorandum and Articles of Association together with a Trustee Information Pack which includes Terms of Reference, Annual Report and Financial Statement and a list of Policies and Procedures.

d. PAY POLICY FOR SENIOR STAFF

The goal of the Charity's pay policy is to offer fair pay to attract and keep appropriately qualified staff to lead, manage, support and deliver the Charity's aims. It will always be consistent with these aims within an affordable framework.

The Trustees are responsible for setting remuneration levels for the Charity's staff and reviewing pay for the most senior staff. These senior staff are clearly identified by the Trustees and will typically, although not always, be part of the Charity's executive or senior management team.

The Charity's Remuneration Policy follows the National Council for Voluntary Organisation's (NCVO) guidance of which the Mortimer Society is a member.

e. ORGANISATIONAL STRUCTURE AND DECISION MAKING

The Board of Trustees discharges its responsibility of overseeing the administration of the Society at its quarterly general and additional meetings and by delegating specific projects to appropriate sub groups. Society members are entitled to attend and vote at all general meetings. In addition to the Trustees, Society members are entitled to vote at annual general meetings to appoint new Trustees and accept outgoing Trustees' resignations.

The day to day management of the Society is delegated to the Chief Executive and to the Senior Management Team. The management and running of the two homes is carried out by the Head of Care, Quality and Compliance through the Registered Managers. Major policy questions affecting the future of the Society are discussed between the management team, the Trustees and the members who are responsible for making the final decisions. Trustees and Society members who attend general meetings have equal voting rights.

The Society has adopted the principles contained in the 2017 Charity Governance Code a Code recommended by the Charities Commission for use by Charities in England and Wales.

f. RISK MANAGEMENT

The Trustees have assessed the major risks to which the company is exposed, in particular those related to the operations and finances of the company and are satisfied that systems and procedures are in place to mitigate our exposure to the major risks.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 OCTOBER 2018

Plans for future periods

a. FUTURE DEVELOPMENTS

The main aims and objectives of the Society during 2018/19 are to:

- Ensure that the Society's policies and procedures meet statutory requirements and exceed the standards and expectations of our current regulator, the Care Quality Commission (CQC).
- Remain financially viable in an adverse economic climate in the care sector.
- Accomplish staff training programmes relevant to our residents' complex and individual needs in order to meet the expectations of our residents, sponsoring authorities and the CQC.
- Continue with further capital investment at both Birling House and Frindsbury House which will include projects such as a shower room conversion, widening of bedroom doorways for ease of access into the garden and the installation of air conditioning units in certain lounges and bedrooms.
- Review the new initiatives introduced in 2018 to improve standards including the catering provision and the computerised medication system.
- Pursue new business opportunities to provide additional day and respite care placements whenever possible as an introduction opportunity into the service for possible permanent care in the future.
- Continue to review the long-term vision and business diversification strategy in client categories and models of care in line with our expertise and client base.
- Continue to enhance the Society's profile by widening our marketing strategy to include certain neurological conditions in addition to Huntington's disease for which the Mortimer Society is an experienced and reputable provider. This will be aided by the development of a newly designed website and marketing material which will be launched in early 2019.

DISCLOSURE OF INFORMATION TO AUDITOR

Each of the persons who are Trustees at the time when this Trustees' report is approved has confirmed that:

- so far as that Trustee is aware, there is no relevant audit information of which the charitable company's auditor is unaware, and
- that Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

This report was approved by the Trustees, on _____ and signed on their behalf by:

.....
Mrs J M Westwood OBE, Chair

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TRUSTEES' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 OCTOBER 2018

The Trustees (who are also directors of The Mortimer Society 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. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of 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 of the Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

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

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE MORTIMER SOCIETY

OPINION

We have audited the financial statements of The Mortimer Society (the 'charity') for the year ended 31 October 2018 which comprise the Statement of financial activities incorporating income and expenditure account, the Balance sheet, the Statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 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 October 2018 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 United Kingdom, including the Financial Reporting Council'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

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE MORTIMER SOCIETY

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 including the Strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' report and the Strategic report have been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of our knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' report including the Strategic report.

We have nothing to report in respect of the following matters in relation to which 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 Trustees' responsibilities statement, the Trustees (who are also the directors of the charity 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.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE MORTIMER SOCIETY

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: 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 Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members, as a body, for our audit work, for this report, or for the opinions we have formed.

Duncan Cochrane-Dyet FCA (Senior statutory auditor)

for and on behalf of

MHA MacIntyre Hudson

Chartered Accountants
Statutory Auditors

71 New Dover Road
Canterbury
Kent
CT1 3DZ
Date:

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**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 OCTOBER 2018**

	Note	Unrestricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
INCOME FROM:				
Donations and legacies	2	21,435	21,435	3,775
Charitable activities	3	3,693,980	3,693,980	3,648,958
Fundraising		520	520	2,152
Investments	4	11,687	11,687	6,643
TOTAL INCOME		3,727,622	3,727,622	3,661,528
EXPENDITURE ON:				
Charitable activities	5,8	3,598,162	3,598,162	3,384,336
TOTAL EXPENDITURE	9	3,598,162	3,598,162	3,384,336
NET INCOME BEFORE OTHER RECOGNISED GAINS AND LOSSES		129,460	129,460	277,192
NET MOVEMENT IN FUNDS		129,460	129,460	277,192
RECONCILIATION OF FUNDS:				
Total funds brought forward		5,568,763	5,568,763	5,291,571
TOTAL FUNDS CARRIED FORWARD		5,698,223	5,698,223	5,568,763

The notes on pages 18 to 30 form part of these financial statements.

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REGISTERED NUMBER: 01741444

BALANCE SHEET
AS AT 31 OCTOBER 2018

	Note	£	2018 £	£	2017 £
FIXED ASSETS					
Tangible assets	14		4,079,052		4,107,840
CURRENT ASSETS					
Debtors	15	348,129		175,253	
Cash at bank and in hand		1,460,742		1,422,712	
		1,808,871		1,597,965	
CREDITORS: amounts falling due within one year	16	(189,700)		(137,042)	
NET CURRENT ASSETS			1,619,171		1,460,923
NET ASSETS			5,698,223		5,568,763
CHARITY FUNDS					
Unrestricted funds	17		5,698,223		5,568,763
TOTAL FUNDS			5,698,223		5,568,763

The financial statements were approved and authorised for issue by the Trustees on _____ and signed on their behalf, by:

.....
Mrs J M Westwood OBE, Chair

.....
Dr T J Cantor, Vice Chair

The notes on pages 18 to 30 form part of these financial statements.

THE MORTIMER SOCIETY
(A company limited by guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 OCTOBER 2018

	Note	2018 £	2017 £
Cash flows from operating activities			
Net cash provided by operating activities	19	159,363	385,585
Cash flows from investing activities:			
Dividends, interest and rents from investments		11,687	6,643
Purchase of tangible fixed assets		(133,020)	(136,251)
Net cash used in investing activities		(121,333)	(129,608)
Change in cash and cash equivalents in the year		38,030	255,977
Cash and cash equivalents brought forward		1,422,712	1,166,735
Cash and cash equivalents carried forward		1,460,742	1,422,712

The notes on pages 18 to 30 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2018**

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The Mortimer Society meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

1.2 Company status

The Mortimer Society is a charitable company registered in England. In the event of the charity being wound up, the liability in respect of the guarantee is £1 per member of the charity. The address of the registered office is given in the charity information on page 1. The nature of the charity's operations and principal activity is to provide relief for those in need by reason of ill health or disability.

1.3 Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

1.4 Income

Donated services or facilities are recognised when the charity has control over the item, any conditions associated with the donated item have been met, the receipt of economic benefit from the use of the charity of the item is probable and that economic benefit can be measured reliably. In accordance with the Charities SORP (FRS 102), the general volunteer time of the Friends is not recognised and refer to the Trustees' report for more information about their contribution.

On receipt, donated professional services and donated facilities are recognised on the basis of the value of the gift to the charity which is the amount the charity would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

THE MORTIMER SOCIETY
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2018

1. ACCOUNTING POLICIES (continued)

1.5 Expenditure

Resources expended are recognised in the period in which a liability is incurred. The company is not registered for VAT and accordingly expenditure is shown gross of irrecoverable VAT.

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

Governance costs include those costs associated with meeting the constitutional and statutory requirements of the charity and include the audit fees and costs linked to the strategic management of the charity.

All costs are allocated 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 6.

Charitable activities and Governance costs are costs incurred on the charity's educational operations, including support costs and costs relating to the governance of the charity apportioned to charitable activities.

1.6 Tangible fixed assets and depreciation

As from 1 November 2005 additions costing less than £2,500 are not capitalised. Tangible fixed assets not in use as at the balance sheet date are not depreciated.

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is not charged on freehold land. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	-	Over 50 years (as from 1 November 2002)
Freehold land	-	Nil
Motor vehicles	-	Over 3 years
Household furniture and equipment	-	Over 5 years
Integral features (included within buildings)	-	Over 15 - 20 years

1.7 Operating leases

Rentals under operating leases are charged to the Statement of financial activities incorporating income and expenditure account on a straight line basis over the lease term.

1.8 Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

THE MORTIMER SOCIETY
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2018

1. ACCOUNTING POLICIES (continued)

1.9 Cash at Bank and in hand

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

1.10 Liabilities and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

1.11 Financial instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

1.12 Pensions

The charity operates a defined contribution pension scheme and the pension charge represents the amounts payable by the charity to the fund in respect of the year.

1.13 Judgements in applying accounting policies

No significant judgements or key estimates have been made by management in preparing these financial statements.

2. INCOME FROM DONATIONS AND LEGACIES

	Unrestricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Donations	21,435	21,435	3,775
Total 2017	3,775	3,775	

THE MORTIMER SOCIETY
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2018

3. INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Provision of care services	3,693,980	3,693,980	3,648,958
	<hr/>	<hr/>	<hr/>
Total 2017	3,648,958	3,648,958	
	<hr/>	<hr/>	

4. INVESTMENT INCOME

	Unrestricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Bank deposit interest	11,687	11,687	6,643
	<hr/>	<hr/>	<hr/>
Total 2017	6,643	6,643	
	<hr/>	<hr/>	

5. ANALYSIS OF EXPENDITURE ON CHARITABLE ACTIVITIES

	Unrestricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Provision of care services	3,544,077	3,544,077	3,320,098
	<hr/>	<hr/>	<hr/>
Total 2017	3,320,098	3,320,098	
	<hr/>	<hr/>	

THE MORTIMER SOCIETY
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2018

6. DIRECT COSTS

	Provision of care service £	Total 2018 £	Total 2017 £
Staff recruitment	4,480	4,480	4,865
Travel and other staff costs	64,179	64,179	55,829
Resident costs including food and household expenses	383,870	383,870	334,386
Property costs	98,893	98,893	93,169
Insurance	19,202	19,202	18,494
Agency costs	240,870	240,870	292,904
Wages and salaries	2,123,502	2,123,502	1,956,997
National insurance	162,879	162,879	156,311
Pension cost	39,031	39,031	30,601
Depreciation	161,808	161,808	139,678
	<u>3,298,714</u>	<u>3,298,714</u>	<u>3,083,234</u>
Total 2017	<u>3,083,234</u>	<u>3,083,234</u>	

7. SUPPORT COSTS

	Provision of care service £	Total 2018 £	Total 2017 £
General office costs	64,450	64,450	48,456
Communications	10,036	10,036	7,979
Professional fees	14,051	14,051	14,310
Bank charges	1,363	1,363	1,317
Wages and salaries	151,982	151,982	149,876
Pension costs	3,481	3,481	14,926
	<u>245,363</u>	<u>245,363</u>	<u>236,864</u>
Total 2017	<u>236,864</u>	<u>236,864</u>	

THE MORTIMER SOCIETY
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2018**

8. GOVERNANCE COSTS

	Unrestricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Audit costs	9,820	9,820	10,125
Communications	-	-	887
General office costs	-	-	5,384
Travel and other staff costs	512	512	939
Office and finance staff costs	42,841	42,841	46,178
Pension costs	912	912	725
	<u>54,085</u>	<u>54,085</u>	<u>64,238</u>

9. ANALYSIS OF EXPENDITURE BY EXPENDITURE TYPE

	Staff costs 2018 £	Depreciation 2018 £	Other costs 2018 £	Total 2018 £	Total 2017 £
Provision of care services	2,480,875	161,808	901,394	3,544,077	3,320,098
Expenditure on governance	43,753	-	10,332	54,085	64,238
	<u>2,524,628</u>	<u>161,808</u>	<u>911,726</u>	<u>3,598,162</u>	<u>3,384,336</u>
Total 2017	<u>2,355,614</u>	<u>139,678</u>	<u>889,044</u>	<u>3,384,336</u>	

10. NET INCOME/(EXPENDITURE)

This is stated after charging:

	2018 £	2017 £
Depreciation of tangible fixed assets: - owned by the charity	<u>161,808</u>	<u>139,678</u>

During the year, no Trustees received any remuneration (2017 - £NIL).
During the year, no Trustees received any benefits in kind (2017 - £NIL).
During the year, no Trustees received any reimbursement of expenses (2017 - £NIL).

THE MORTIMER SOCIETY
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2018

11. AUDITORS' REMUNERATION

	2018	2017
	£	£
Fees payable to the charity's auditor and its associates for the audit of the charity's annual accounts	9,820	10,125

12. STAFF COSTS

Staff costs were as follows:

	2018	2017
	£	£
Wages and salaries	2,318,325	2,153,051
Social security costs	162,879	156,311
Other pension costs	43,424	46,252
	2,524,628	2,355,614

The average number of persons employed by the charity during the year was as follows:

	2018	2017
	No.	No.
Provision of care and services	126	127
Administration and support	4	4
Governance	1	1
	131	132

Average headcount expressed as a full time equivalent:

	2018	2017
	No.	No.
Provision of care and services	116	115
Administration and support	4	3
Governance	1	1
	121	119

No employee received remuneration amounting to more than £60,000 in either year.

THE MORTIMER SOCIETY
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2018**

13. Key management personnel remuneration and trustees' expenses

Neither the trustees nor any persons connected with them have received any remuneration or benefits in kind from the company. No amounts (2017: £nil) were paid to any trustee in respect of reimbursed travel expenses during the year.

The total amount of employee benefits received by key management personnel was £203,885 (2017: £211,152). The Charity considers its key management personnel comprise:

- Trustees
- Paul Studd
- Susan Matthews
- Elaine Runeckles
- Hannah Wilson (appointed 1 March 2018)
- Tracey Edwards (appointed 1 March 2019)
- Simon Dawes (until 12 January 2018)
- Leanne Stockwell (until 7 January 2019)

14. TANGIBLE FIXED ASSETS

	Freehold property £	Motor vehicles £	Household furniture and equipment £	Total £
Cost				
At 1 November 2017	4,935,036	89,622	566,909	5,591,567
Additions	26,990	-	106,030	133,020
At 31 October 2018	<u>4,962,026</u>	<u>89,622</u>	<u>672,939</u>	<u>5,724,587</u>
Depreciation				
At 1 November 2017	936,829	74,706	472,192	1,483,727
Charge for the year	101,716	8,274	51,818	161,808
At 31 October 2018	<u>1,038,545</u>	<u>82,980</u>	<u>524,010</u>	<u>1,645,535</u>
Net book value				
At 31 October 2018	<u><u>3,923,481</u></u>	<u><u>6,642</u></u>	<u><u>148,929</u></u>	<u><u>4,079,052</u></u>
At 31 October 2017	<u><u>3,998,207</u></u>	<u><u>14,916</u></u>	<u><u>94,717</u></u>	<u><u>4,107,840</u></u>

Included in land and buildings is freehold land with an estimated cost of £219,000 which is not depreciated.

THE MORTIMER SOCIETY
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2018

15. DEBTORS

	2018 £	2017 £
Trade debtors	264,757	103,009
Other debtors	1,067	2,318
Prepayments and accrued income	82,305	69,926
	<u>348,129</u>	<u>175,253</u>

16. CREDITORS: Amounts falling due within one year

	2018 £	2017 £
Other taxation and social security	29,294	29,479
Other creditors	65,541	81,764
Accruals and deferred income	94,865	25,799
	<u>189,700</u>	<u>137,042</u>

Deferred income

Deferred income at 1 November 2017	17,400
Resources deferred during the year	6,247
Amounts released from previous years	<u>(17,400)</u>
Deferred income at 31 October 2018	<u>6,247</u>

Income has been deferred in respect of fees received in advance.

THE MORTIMER SOCIETY
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2018

17. STATEMENT OF FUNDS

STATEMENT OF FUNDS - CURRENT YEAR

	Balance at 1 November 2017 £	Income £	Expenditure £	Transfers £	Balance at 31 October 2018 £
Designated funds					
Birling House Donations	4,360	11,400	(4,682)	-	11,078
Frindsbury House Donations	5,315	18,095	(11,053)	-	12,357
Fixed Assets Fund	4,107,840	-	-	(28,788)	4,079,052
	<u>4,117,515</u>	<u>29,495</u>	<u>(15,735)</u>	<u>(28,788)</u>	<u>4,102,487</u>
General funds					
Unrestricted General Fund	1,451,248	3,698,127	(3,582,427)	28,788	1,595,736
Total Unrestricted funds	<u>5,568,763</u>	<u>3,727,622</u>	<u>(3,598,162)</u>	<u>-</u>	<u>5,698,223</u>
Total of funds	<u><u>5,568,763</u></u>	<u><u>3,727,622</u></u>	<u><u>(3,598,162)</u></u>	<u><u>-</u></u>	<u><u>5,698,223</u></u>

The designated fixed assets fund represents the net book value of tangible fixed assets minus the long term element of the loans used to finance those assets. An amount is transferred to or from the fund representing the movement in the net book value of tangible fixed assets at the year end.

The Birling and Frindsbury House designated funds hold donations received at each house during the year. These pots of money will be used to fund purchases of items outside of the general operating budget of the charity and the managers and staff of each home will be able to contribute ideas for how the money will be spent.

STATEMENT OF FUNDS - PRIOR YEAR

	Balance at 1 November 2016 £	Income £	Expenditure £	Transfers £	Balance at 31 October 2017 £
Designated funds					
Birling House Donations	2,338	4,339	(2,317)	-	4,360
Frindsbury House Donations	2,437	2,978	(100)	-	5,315
Fixed Assets Fund	4,111,267	-	-	(3,427)	4,107,840
	<u>4,116,042</u>	<u>7,317</u>	<u>(2,417)</u>	<u>(3,427)</u>	<u>4,117,515</u>
Unrestricted General Fund	<u>1,175,529</u>	<u>3,654,211</u>	<u>(3,381,919)</u>	<u>3,427</u>	<u>1,451,248</u>

THE MORTIMER SOCIETY
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2018

SUMMARY OF FUNDS - CURRENT YEAR

	Balance at 1 November 2017 £	Income £	Expenditure £	Transfers £	Balance at 31 October 2018 £
Designated funds	4,117,515	29,495	(15,735)	(28,788)	4,102,487
General funds	1,451,248	3,698,127	(3,582,427)	28,788	1,595,736
	<u>5,568,763</u>	<u>3,727,622</u>	<u>(3,598,162)</u>	<u>-</u>	<u>5,698,223</u>

SUMMARY OF FUNDS - PRIOR YEAR

	Balance at 1 November 2016 £	Income £	Expenditure £	Transfers £	Balance at 31 October 2017 £
Designated funds	4,116,042	7,317	(2,417)	(3,427)	4,117,515
General funds	1,175,529	3,654,211	(3,381,919)	3,427	1,451,248
	<u>5,291,571</u>	<u>3,661,528</u>	<u>(3,384,336)</u>	<u>-</u>	<u>5,568,763</u>

18. ANALYSIS OF NET ASSETS BETWEEN FUNDS

ANALYSIS OF NET ASSETS BETWEEN FUNDS - CURRENT YEAR

	Unrestricted funds 2018 £	Total funds 2018 £
Tangible fixed assets	4,079,051	4,079,051
Current assets	1,808,871	1,808,871
Creditors due within one year	(189,699)	(189,699)
	<u>5,698,223</u>	<u>5,698,223</u>

THE MORTIMER SOCIETY
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2018

18. ANALYSIS OF NET ASSETS BETWEEN FUNDS (continued)

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	Unrestricted funds 2017 £	Total funds 2017 £
Tangible fixed assets	4,107,840	4,107,840
Current assets	1,597,965	1,597,965
Creditors due within one year	(137,042)	(137,042)
	<u>5,568,763</u>	<u>5,568,763</u>

19. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2018 £	2017 £
Net income for the year (as per Statement of Financial Activities)	129,460	277,192
Adjustment for:		
Depreciation charges	161,808	139,678
Dividends, interest and rents from investments	(11,687)	(6,643)
(Increase)/decrease in debtors	(172,876)	46,101
Increase/(decrease) in creditors	52,658	(70,743)
Net cash provided by operating activities	<u>159,363</u>	<u>385,585</u>

20. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2018 £	2017 £
Cash in hand	1,494,182	1,473,834
Overdraft facility repayable on demand	(33,440)	(51,122)
Total	<u>1,460,742</u>	<u>1,422,712</u>

21. PENSION COMMITMENTS

The charitable company operates a defined contribution pension scheme open to all permanent employees. During the year the charitable company contributed £54,006 (2017: £47,499) on behalf of employees who have opted in to the scheme. Of these contributions £7,564 (2017: £5,133) remained outstanding at the balance sheet date and is included within current liabilities.

THE MORTIMER SOCIETY
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2018

22. OPERATING LEASE COMMITMENTS

At 31 October 2018 the total of the Charity's future minimum lease payments under non-cancellable operating leases was:

	2018 £	2017 £
Amounts payable:		
Within 1 year	15,760	7,492
Between 1 and 5 years	20,801	20,387
After more than 5 years	-	448
Total	<u>36,561</u>	<u>28,327</u>

23. RELATED PARTY TRANSACTIONS

There were no related party transactions in the year (2017: £nil).